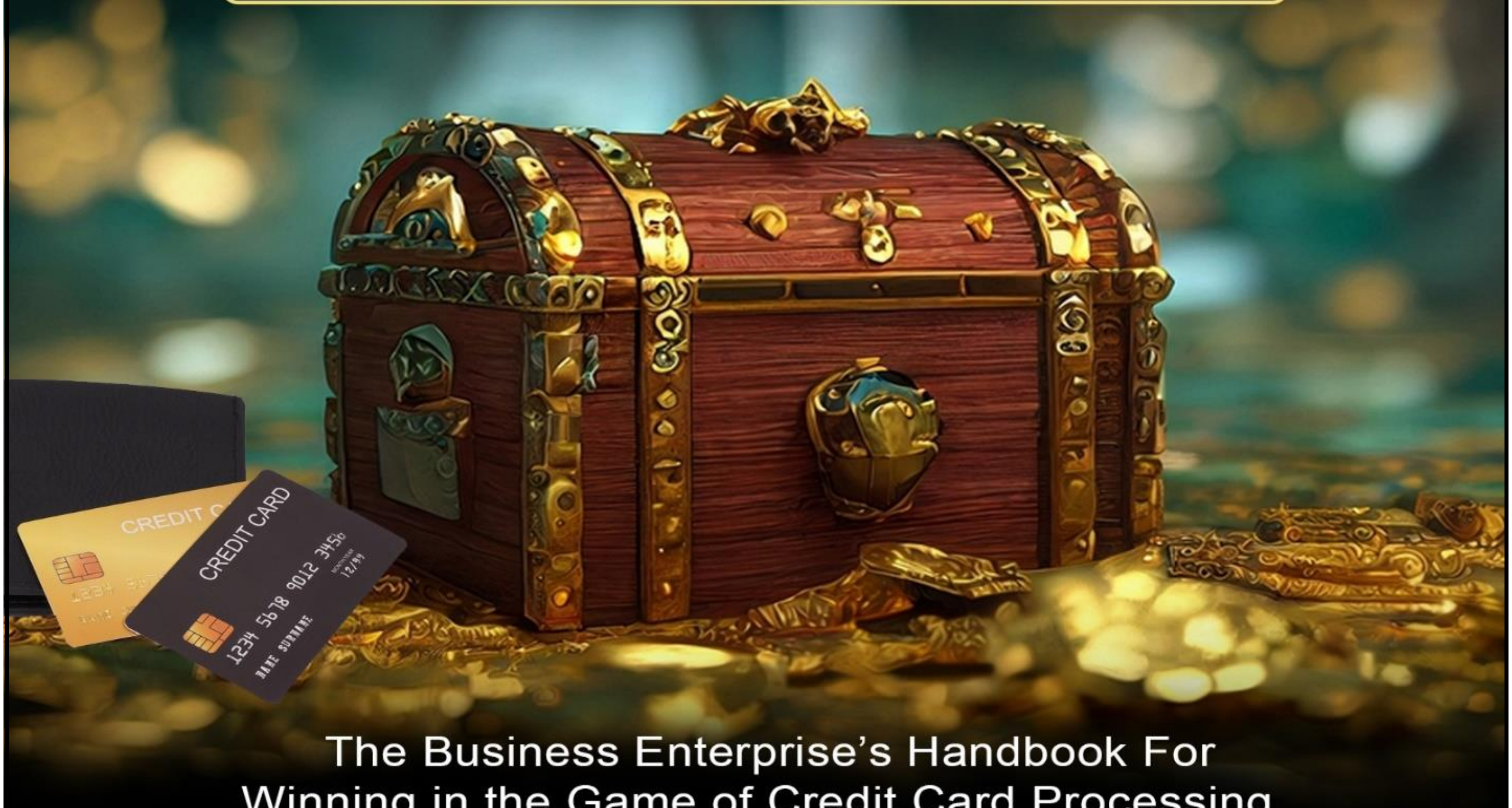
B2B GOLD

Uncover Profits and Other Hidden Gems When Accepting Credit Cards



The Business Enterprise's Handbook For Winning in the Game of Credit Card Processing

CARLOS SANTINO

B2B Gold:

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About the Author:

Carlos Santino's introduction to the industry came through his father, Ruben Santino, who saw a growing need for better service and solutions within the Merchant Services field. While Banks and providers existed, transparency and honesty were often lacking. With a vision to change how the big banks and some processors treated their merchants, Carlos established himself as a dedicated advocate for small businesses.

In 2007 he joined his Father in attending outdoor fairs and events, offering wireless terminals to merchants on site. He quickly built a loyal client base. When Square disrupted the market with phone adapters, Carlos recognized the shift and committed to deepening his expertise in Merchant Services. Despite the high drop out rate among agents in the industry and the absence of any formal school that taught Merchant Service, he found a local company where he could hone his craft.

This is where he developed the art of presenting to top-tier executives like CFO's, CEO's, Presidents and Controllers in the B2B space. His relentless drive in the field, braving all weather conditions, earned him Rookie of the Year Award, reflecting his determination and passion for the industry.

Over time, Carlos gained extensive knowledge and experience, leading him to form strategic partnerships with the same major processors relied upon by large banks. On a mission to achieve a well-rounded knowledge in his field, he went to work for a large bank in efforts to experience how the banks really worked from the inside. He saw many merchants continue to be overcharged and under-serviced by these institutions that only see revenue. He eventually left the bank to continue his mission to provide a better alternative. Supported by key partnerships, he grew a large network of merchants locally and nationwide, building strong relationships and friendships with businesses and owners of all sizes.

He established his own company, Epic Merchant Services, a name that perfectly embodies the high standards and exceptional service every client receives. Thanks to Carlos's unwavering dedication and passion, merchants can be confident that they will always receive five-star treatment.

In 2024, due to his service and commitment to his community, he was recognized and inducted into the prestigious Marquis Who's Who, a biographical publication that profiles prominent professionals across various fields.

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Dedication

To the one who introduced me to this industry and taught me how to be there for my merchants—my Father and industry legend, Ruben Santino—I love you. You taught me how to think outside the box to get things done and to take responsibility for my mistakes but endure as I learn from them. You are the epitome of perseverance, belief, and determination in a person. Thank you for setting that example. You're the man!

Table of Content

PREFACE

Welcome to the complex and often confusing world of credit card processing. Where I am excited to be your guide. Of the many companies and programs out there, it can be tough to find one you trust. One where you pay a very reasonable cost but have world-class customer service. It's usually one or the other, and often enough, sadly, it's neither. It doesn't have to be that way.

This valuable guide is intended to bring you, as a Business-to-Business company, something special called Level 2 and Level 3 processing which results in significant discounts from Visa and Mastercard. This is also known as Interchange Optimization. Depending on how much you process, these discounts could save thousands of dollars each month. At the same time, it will show you how beneficial it is to combine it with 5-star merchant support, where you are handled with white glove service. Yes, this program does exist! Unfortunately, many B2B merchants are unaware of these hidden gems. It is my objective to click on the lights, clear the smoke, and point you in the right direction. You'll find out you've been sitting on gold all along, B2B Gold.

My name is Carlos Santino, and I bring nearly two decades of hands-on experience in the industry to this guide. I've seen the industry's highs and lows, and I'm proud to be more than just a consultant. I'm a dedicated coach, guiding merchants nationwide through the complex world of merchant services as a hands-on professional. Think of me as your personal liaison, your advocate, always ensuring you're ahead of the competition.

This book is the culmination of the experience gained in all the years of seeing the good, the bad, and the ugly. This industry can sometimes feel like the old west, and I've went guns blazing as I battled with the big processors, ensuring merchants get the best deals possible. Then there are times I meet a prospect, and they're already getting a good deal, as they should be. I advise them to stay where they're at if that's the case. If costs are down, support is first class, and they're truly happy, then there's no reason to change anything. However, sometimes things do change. When they do, refer back to this guide. This book is full of tips and strategies to ensure you're always in the know. You'll be savvy in your B2B business. This guide simplifies things for you, gives you practical advice, and offers steps to help you process transactions more efficiently and confidently. There are a number of chapters, but feel free to skip over to the ones that really pertain to you or that perk your interest.

Chapter 1:

Credit Card Processing 101

In this first chapter, I will explain how credit and debit card transactions really work, who's involved, and even peer-to-peer payment methods that are disrupting the industry. Let's begin to understand all the moving parts.

Ways to Accept Credit and Debit Cards

Whether you're an old pro at taking credit cards or new to credit card processing, you're probably already familiar with the different methods of card acceptance. Let's explore the different methods of accepting card payments from your customers.

1. **In-Person Transactions:** This is when the customer is present with their card to make their payment. It can be swiped, dipped, or tapped. Tap is available via card or smartphone through NFC (Near Field Communication)
2. **Online Payments:** Your e-commerce business runs entirely online. These payments are accepted on an e-commerce website that securely transmits card data to the processor.
3. **Mobile Payments:** These payments are accepted by merchants who are always on the go. This can involve a card reader attached to your mobile device, enabling merchants to accept payments anywhere. Mobile payment apps also fall into this category. They are perfect for Swap Meets, Flea Markets, food trucks, field technicians, and other mobile merchants. Payments can now be accepted directly on an iPhone via tap; no phone swiper is needed.
4. **Recurring Payments:** These are great for subscription services. Customer card details are stored securely and charged automatically at regular intervals.
5. **Mail-order/Telephone Order (MOTO): This method involves customers providing** their credit card details via mail or telephone to make a purchase. Businesses manually enter these details into a virtual terminal or

point-of-sale system to complete the transaction. This method is commonly used by traditional or remote businesses that do not have face-to-face interactions with customers.

Key Players in the Credit Card Processing Ecosystem

Behind every credit card transaction is an active ecosystem of key players, each doing their part to ensure the magic happens:

1. **Merchant:** The business or individual accepting the card payment. Without you, this industry wouldn't exist.
2. **Cardholder:** The consumer making the purchase with their credit or debit card. They are why we do what we do.
3. **Acquiring Bank (Acquirer):** This is the financial institution that maintains your merchant account and facilitates the processing of transactions. They're like the bouncers at the door, letting in the valid transactions and kicking out the knuckleheads.
4. **Payment Processor:** This is the company that manages the transaction process, routing information between you, the acquiring bank, and the card networks. Their job is to ensure everything runs smoothly.
5. **Issuing Bank (Issuer):** The financial institution that issued your customer's credit or debit card. They approve or decline the transaction based on the available funds and credit. They take the lion's share of the fees that merchants pay.
6. **Card Networks (Card Brands):** These are the big guys, like Visa, Mastercard, American Express, and Discover. They set the rules and standards for card transactions and facilitate the money exchange between banks. Think of them as the gatekeepers of the card world.

Steps of Communication in a Credit Card Transaction

Here's where the real magic happens within two to three seconds—a step-by-step breakdown of a typical credit card transaction:

❖ **AUTHORIZATION:**

In this stage, the merchant needs the green light for payment from the issuing bank.

The cardholder produces their credit card at the point of sale, ready to make it rain.

After the card is run, the card details get transferred to the acquiring bank (or its processor) through the magic of the internet or even an old-school phone line

The acquiring bank or processor then relays these details to the credit card network.

The credit card network passes the payment details along and asks the issuing bank for payment authorization.

This authorization request includes the following:

- Credit card number
- Card expiration date
- Payment amount
- Billing address — for Address Verification System (AVS) validation
- Card security code — CVV, for instance

❖ **AUTHENTICATION:**

During the authentication stage, the issuing bank double-checks the customer's credit card using security measures like the Address Verification Service (AVS) and card security codes CVV, CVV2, CVC2, and CID.

The issuer receives the payment authorization request from the card network.
It verifies the card number, checks for sufficient funds, matches the billing address, and validates the CVV code.
The issuing bank then either gives a thumbs-up or a thumbs-down to the transaction, and the credit card network sends a response back to the merchant and the acquiring bank or processor.
Upon giving the thumbs-up, the issuing bank puts a hold on the cardholder's account for the purchase amount. The merchant's POS terminal collects all the approved authorizations to process in the daily batch.
The merchant then hands the customer a receipt, completing the sale.

- **CLEARING AND SETTLEMENT:**

In the clearing stage, the transaction makes its grand debut on both the cardholder’s monthly credit card statement and the merchant’s statement. This stage occurs hand-in-hand with the settlement stage.

At the end of each business day, the merchant batches out the approved authorizations and sends them to the acquiring bank or processor.
The acquirer then passes these sales to the card network for settlement.
The card network forwards each approved transaction to the right issuer.
Within 48 hours of the transaction, the issuing bank transfers the funds minus an “interchange fee,” which it generously shares with the credit card network.
The credit card network then distributes the remaining funds to the acquiring bank and processor, keeping everyone happy.
The acquiring bank deposits the money into the merchant’s account.
The transaction gets posted to the cardholder’s account by the issuing bank, and they eventually get the statement.

- **FUNDING:**

The issuing bank (who issued the card to the consumer) then pays the card brands. The card brands then pay the acquiring bank. This process can take a while, so the acquiring bank fronts the merchant by depositing their funds to their account within a day or two to maintain their cash flow. The processor assumes the risk and waits for the card brands to transfer the funds after completing the clearing and settlement process.

Emerging Peer-to-Peer Payment Methods

Coming in like the new kid on the block, peer-to-peer (P2P) payment methods have become the latest payment technology to join credit card processing. These payment methods allow consumers to pay businesses, circumventing the need for credit cards. These are some P2P companies used today:

1. **Venmo:** The mother company is PayPal, which allows users to pay each other using a mobile app. Consumers widely use Venmo, but some businesses will also accept Venmo. One of the features users like is the cool emoji library.
2. **Zelle:** This method is backed by the big banks and allows instant transfers from bank to bank. The convenience is being able to pay each other just by email or phone number. Instead of transferring funds to each other's app, it sends them directly to each other's bank account.
3. **Cash App:** This Square creation allows users to send and receive money, invest in stocks, and use Bitcoin.
4. **Cryptocurrencies:** Digital currencies like Ethereum and Bitcoin operate peer-to-peer transactions on a decentralized network. These are gaining acceptance among specific merchants for their low transaction fees and global reach. It's like having a digital wallet full of futuristic and rebellious international currencies.

While these methods will offer some convenience, they do come with their issues, such as regulatory scrutiny and security concerns. Either way, the growing number of users proves to be a shift in the payment space.

If streamlining payments and saving money is a priority, getting a handle on how credit card processing works is a must. By learning who the leading players are, the steps in the transaction process, and new tools in the industry, you can make smart choices that drastically improve how you take payments. This chapter gives you the basics, setting you up for deeper dives later. So, strap yourself in, and let’s take a drive!

Chapter 2:

The B2B Industry

The B2B sector is different to Business to Consumer (B2C). You're dealing with other businesses, higher transactions and volume typically, and lots of paperwork. In this chapter, we will talk about the different payment methods accepted in B2B, the benefits of accepting credit cards, and the traditional payment methods where the payment usually takes 28-45 days. You might even have outstanding invoices at the end of the year? I aim to help you streamline your accounts receivables, bringing any outdated operations up to speed with modern solutions. If you take the knowledge written in this guide, you will increase your chances of reducing the time it takes to get paid, increase your cash flow, and potentially improve your overall financial health. This will reduce your Days Sales Outstanding (DSO) from the current average of 28-45 days to just one day or two. Imagine the impact on your business when you can access your money faster, reduce administrative burdens, and focus more on growth and less on chasing payments. Let's travel that road to fine-tune your payment systems and get your money flowing more quickly and smoothly!

Forms of Payments in the B2B Industry

In the B2B universe, merchants must be prepared to accept various payment methods to keep their clients happy. As a merchant, you want to give your buyers the most accessible forms of payment. Here's a look at the main options:

1. **Checks:** The classic paper check is still beloved in the B2B sector for its old-world charm and perceived security. It can just take way too long to get that paper check.
2. **ACH Transfers:** Automated Clearing House (ACH) transfers are the digital equivalent of checks, moving funds directly between bank accounts. They're a low-cost, efficient alternative— Like upgrading from a typewriter to a high-speed computer.

3. **Wire Transfers:** Wire transfers are very quick and secure, but come with a hefty price tag.
4. **Credit Cards:** The modern marvel of payment methods, credit cards offer convenience, speed, and straightforward reconciliation for the merchant and customer. Many B2B businesses key these cards into their Virtual Terminal, Gateway, or accounting software, such as QuickBooks.
5. **Cash:** While cash is a traditional and immediate form of payment, it often poses challenges such as the need for physical handling, increased risk of theft, and difficulties in tracking and reconciling transactions.

❖ AVENUES TO PAY

1. Virtual Terminal: This is a secure online portal where merchants input their customers' credit card info or ACH. Many merchants choose to have this integrated into their QuickBooks, accounting, ERP, and e-commerce payment solutions. The ability to add a (Compliant) surcharge to the sale that the customer pays can eliminate merchant fees.

2. Payment Link: This is a method where the merchant activates a payment link within their gateway and sends it to the customer via text. The customer can then complete the secure payment on their smartphone.

3. Digital Invoice via Email: The merchant sends the invoice through their Virtual Terminal directly to the customer's email with this payment method. The customer can then open the email and securely complete the payment.

4. Mobile App: Access your payment app on the go. This is great for various merchants who do business outdoors and out in the field.

5. E-commerce website: Customers pay directly on the merchant's website. This method has grown exponentially over the last few years.

❖ THE CONVENIENCE OF USING A GATEWAY:

Detailed Transaction Data: Gateways excel at providing detailed reports on every aspect of the transaction. Payment method, date, amount, and time are all included to help merchants track sales.

Instant Reports: Stay up to date on real-time reports. This is a great way to gain insights into your business, giving you the ability to make quick decisions and take necessary actions when needed.

Easy Account Balancing: Reduce mistakes and save time by matching transactions with bank deposits.

Custom Reports: Customize your reports to fit your needs. Transaction history, sales summaries, and revenue reports are just some of the reports you can run with a good Virtual Terminal or Gateway.

Better Financial Analysis: A good gateway provides accurate transaction data, which allows you to analyze your finances in depth. This capability helps forecast sales, identify trends, and make informed decisions.

Simplified Tax Prep: Make tax filings and audits much easier with the detailed records a Gateway will produce, ensuring compliance with financial regulations.

Fraud Prevention: Spot suspicious activities and potential fraud with the reporting tools in gateway’s quickly detect and address any issues by monitoring transaction patterns

Integrate With Inventory Software: Manage your inventory while using your Gateway. With an API, integrate your gateway with your inventory system. Sales reports and returns help maintain accurate inventory levels.

Level 2&3 Processing Capabilities: Level 2 and 3 processing (Interchange Optimization) automatically apply discounts to company cards, saving you money on processing. This more detailed information lowers risk with the card brands, and they reward you for it. Utilizing Interchange Optimization lowers the cost of accepting cards.

These reporting benefits allow merchants to understand their business better, improve financial management, and drive growth.

Why Take Credit Cards?

Accepting Credit Cards in the B2B sector is very beneficial. It turns slow payments into much quicker ones. Allow me to explain:

1. **Improved Cash Flow**: When you accept credit cards or Debit Cards, the money gets into your account overnight and, in some cases, the same day. This keeps the cash flow ready to return to the business. Shortening the Days Sales Outstanding (DSO) time frame from weeks to days will allow your business quicker access to funds, enhancing financial stability and growth potential.
2. **Customers Will Love You**: Join the merchants' club by taking credit cards. Almost all customers have more than one card ready to use. Plus, they'll appreciate the flexible ability to pay with plastic. This convenience really makes a positive impression on the customer. They will remember that your business readily accepts cards, making transactions easy.
3. **Makes Accounting Simple**: No more messy desks of papers to sort through. All the reporting and tracking streamlines the accounting process, cutting down on financial mistakes and speeding up the reconciliation time.
4. **Compete With Your Competitors**: Merchants who accept credit cards benefit from a broader customer base. Customers expect it these days. There are still merchants out there that are sticking to their guns with a "cash only!" model. Yet, many experience more and more customers walking away than the steady ones they've had for years.

5. **Speedy Payment Cycles**: Accepting credit cards will speed up the amount of time it takes to get paid, Turning the usual 28-45 days waiting period into just a few days. Implementing credit card acceptance not only boosts your cash flow, but you can also say goodbye to the inconvenience of waiting to get paid.

   This way, you will have funds on hand to use as working capital when you need them. For some merchants, this even leads to improved supplier relationships. Paying your invoices on time or early often qualifies for early payment discounts by the supplier. A speedy payment cycle allows you to invest in your business much faster.

   This can be for equipment, inventory, or just supporting your business's overall growth and competitiveness in the market. The bottom line is that accelerating your payment cycles can lead to a more dynamic and responsive business environment.

   To summarize these five points, accepting credit card payments can improve your cash flow, increase customer satisfaction, increase accounting efficiency, give you a competitive edge, and significantly reduce DSO timeframes.

Types of Payment Terms for B2B Customers

B2B transactions often have longer payment terms. Here’s a quick rundown of the most common terms:

1. **Net 30/60/90:** This payment is due between 30- 90 days after the invoice date. This gives some buyers time to sell the goods and/or services before parting with their funds. It’s sort of a “Buy now, pay later” model of the business world.
2. **Early Payment Discounts:** This payment plan offers incentives like 2/10 Net 30, encouraging buyers to pay sooner. Buyers get a 2% discount on this plan if they pay within ten days. Who doesn’t love a good deal?

3. **Installment Plans:** For large transactions, buyers sometimes like them to be broken down into more manageable payments over a set period. More and more businesses are offering these installment plans these days.

Downfalls of Not Accepting Card Payments

The benefits of accepting credit cards outweigh any inconveniences of not accepting credit cards. As a result, merchants who continue to resist the efficiency of accepting credit cards may face a range of challenges:

1. **Payments Being Delayed**: Payments may be delayed without the option of credit card acceptance. This can result in cash flow issues for merchants. Checks must clear, and wire transfers have to be processed, and it can be a wait, causing financial strain and uncertainty.
2. **Lost Sales**: More and more customers expect the convenience of paying with plastic. Time and time again merchants who don't accept credit cards can lose business to merchants who do accept them. Potential customers and modern companies prefer the flexibility of pulling out a credit card and running it. Not offering that service might result in lost revenue and growth opportunities.
3. **Time-consuming and Costly:** Collecting payments through checks or wire transfers can be time-consuming and costly. It can lead to more mistakes and require more time and effort to manage effectively. The burden of hunting down late payments and handling disputes can direct resources away from more productive activities.
4. **Customer Frustration**: Customers might not show it but often get frustrated with limited payment options. This can negatively impact your customer relationship and may hinder any repeat business. Unhappy customers often voice their frustrations, which could damage your reputation and deter new customers.

5. **Administrative Burden**: Handling payments manually increases the chances of mistakes and sometimes requires more staff effort to reconcile. This can increase overhead costs and distract attention from other important projects or duties. Accepting credit cards makes these tasks easier and frees up your team to concentrate on growth and customer service.

In the B2B sector, businesses need a flexible way to accept payments. While many still use checks and ACH transfers, accepting credit cards has benefits like better cash flow, happier customers, and easier accounting. B2B merchants who don't take credit cards might face delayed payments, missed sales, and higher collection costs. By accepting credit cards and offering good terms, B2B merchants can meet their clients' needs and succeed in a competitive market.

In summary, not accepting credit cards can lead to delayed payments, lost sales opportunities, higher collection costs, customer frustration, increased administrative burden, and missed financial benefits. Adopting credit card payments can help overcome these challenges, streamline operations, and enhance customer satisfaction.

Chapter 3:

Interchange Optimization (Level 2&3 Processing)

Let's elevate your business operations to new heights with Interchange Optimization. This solution is designed to optimize your bottom line. Say goodbye to ineffective processes and hello to a big profit boost and streamlined operations.

The B2B world is competitive; every dollar counts, and every dollar saved is a cause for celebration. I am sharing one of the best-kept secrets to savings on credit card processing fees. I'm proud to hand you the treasure map of these hidden savings! Let's deep dive into the trenches of Level 2 and Level 3 processing and see how it works and benefits you. Spoiler alert: There's big savings in it for you!

We'll also discuss how some of the major payment providers like Square, Stripe, QuickBooks (Intuit), and PayPal are missing the boat on this one. This guide contains the solutions you need to retain more of your profits and keep your treasure chest full. Finally, we'll explore how the best processing platforms can seamlessly integrate directly with QuickBooks and many other software you currently use. Processing this way optimizes your accounting/inventory, ensuring you don't miss out on those sweet savings.

What is Level 1, 2 & Level 3 Processing?

First, we will explain what level 1 processing is. All merchants already use this type of processing, which is the simplest. Level 1 processing is the most basic form of credit card transaction processing. When you accept a payment from a customer, the transaction is straightforward and includes minimal data. This typically involves standard information such as the card number, expiration date, and purchase amount. It's commonly used for everyday consumer purchases where detailed data isn't necessary. Because of its simplicity, Level 1 processing is the most widely used and usually has the highest processing fees.

Level 1

Level 1 Processing is fundamental, but it lacks the additional data that qualifies a merchant for lower interchange (Cost) rates. Level 2 and Level 3 require more detailed data about the transaction but will significantly reduce the costs for that transaction by qualifying for lower interchange fees. For retail businesses, Level 1 processing is sufficient, but for B2B businesses running larger transactions, implementing higher levels of processing will lead to substantial savings.

Now, to explain Level 2&3 (Interchange Optimization), imagine a grocery store. Let’s say you’re in a checkout line paying for your items. Level 1 processing is equivalent to paying full price without using any VIP membership discounts or coupons. You'll still get your groceries; however, sadly, it is without the killer discounts and savings.

Using Interchange Optimization, on the other hand, is like using your loyalty card and applying all available coupons at the checkout. More information is provided, which helps the gateway process your transaction efficiently.

Level 2 Processing

Level 2 processing adds more information than the basic Level 1 requirements. It's like applying for your loyalty card and getting VIP pricing. Depending on which card brand and Processor is asking, the info requirements can vary slightly. This can be done using a virtual terminal for phone orders and manual entry, card-present transactions where the EMV chip is captured, and on your e-commerce website. The Level 2 data includes:

- Merchant tax ID
- Customer code or P.O. number

- Sales Tax amount
- Invoice Number
- Merchant Zip and State Code
- Merchant's Minority Code

Level 3 Processing

Level 3 processing is like paying for your items in the checkout line; not only are you using your loyalty card (Level 2), but you also have some valuable coupons (Level 3). Like level 2, it depends on the card brand and Processor inquiring about the transaction and the required info. Just like Level 2, Level 3 can also be done using a virtual terminal or gateway for phone orders and manual entry, Card present transactions where the EMV chip is captured, and on your E-Commerce website with your preferred gateway. This level of detail usually requires the following:

- Invoice Number
- Invoice Date
- Order Number
- Zip Code (Ship from)
- Zip Code (Ship To)
- Destination Zip Code
- Destination Country Code
- Item Description
- Product Code
- Quantity
- Unit of Measure
- Unit Cost

- Line-Item Total
- Discount Amount (if any)
- Freight Amount
- Sales Tax Amount
- Tax Rate
- Tax ID
- VAT Tax Amount – If it applies
- VAT Tax Rate – if it applies

Additional Details:

- Shipment Tracking Number
- Ship Date

This is a lot of extra info, but you hardly notice a difference in transactions when it is auto-populated for you. Detailed data helps improve transaction transparency and can be used for auditing and compliance. All this extra data reduces the transaction risk, qualifying the merchant for lower interchange rates. It's like telling the card brands, "Look, we have everything in order and have given you all the crucial information like a responsible merchant. We would like our discounts now, please."

Strategize and Execute a Winning Game Plan!

The first thing to do is to choose the right payment gateway. A reliable gateway is the key to implementing Level 2 and Level 3 processing. Not all gateways have this capability, be cautious. It's your Service Provider’s job to ensure your payment system is set up with the ability to accept the necessary Level 2 and Level 3 data elements when accepting card transactions. Have your provider integrate this into your invoicing and accounting systems with an API to streamline data entry. If your provider doesn’t do this, it may be time to take another look around. It’s important to gather all the tools you need for successful processing.

It is also crucial to choose a gateway (There aren't many) that auto-populates all this info into the fields for you in seconds, saving valuable time. This way, it takes no longer than running your usual transaction. This is life-changing. Going this route puts you way ahead of the game. It will be like discovering a goldmine of savings.

- **TRAIN YOUR EMPLOYEES**

If you don't choose a gateway that enters it for you automatically, train your team to enter detailed transaction data accurately. Your staff must consistently enter the crucial data for these Level 2 and 3 cards to ensure you receive these big discounts. The team should be well-trained to know their respective roles, so there are no inconsistencies. You will not have to worry about this training or management if you use a well-oiled gateway that auto-populates Levels 2 and 3. Then, the work is already done for you and your staff.

Let's Do the Math

To give you an idea, on average, merchants save between 0.5% and 1.05% per transaction on Interchange alone for qualifying cards. Once a merchant gets placed on bank cost pricing from a flat rate or a tiered pricing model, they see significant savings on their statement after a full month of processing. On Level 2&3, it is not uncommon to see merchants close to a 2% effective rate when it's all said and done. A drastic difference as opposed to the usual 3-5% their existing provider charges them. If you are on a flat rate of any kind, you are doing no justice to your bottom line.

You're losing out big if you are already processing on an Interchange Plus program but not applying your Level 2&3 discounts for the Business, Corporate, Government, and purchasing cards. If you are on Interchange Plus, but you must enter all the Level 2&3 data yourself, you're doing yourself an injustice. Having this info automatically populate into those fields is a game changer.

For example, on savings, I have a merchant that steadily processes around 500k monthly, selling printing equipment for clothing. They were processing with Quickbooks Online. They are a Card-Not-Present merchant (This also works with card-present merchants) and take their cards over the phone or store them in their system for recurring billing. Because they were Card Not Present, they were billed a little over 3.5% effective rate on their statement when it was all said and done. I put them in a very happy place after seeing this. I introduced a very efficient gateway to them that integrated directly into their QuickBooks. They still handled their business as usual in QB, inventory, invoices, and transactions while our gateway operated efficiently in the background. After a full month of processing, they averaged about a 2.2% effective rate in that first full month of processing. It fluctuates sometimes up and sometimes down. They did accept debit cards and credit cards, which helped their bottom line since the qualified, regulated debit cost is much lower than credit cards. If you accept cards over the phone, you will rarely know if it is a debit card unless you ask. Long story short, instead of paying their average $17,500, they pay $11,000. That is 37% savings off their bill, or $6,500. Multiply that by 12 months is $78,000. In three years, they are saving $234,000. Not only are they saving on fees, but they're also reinvesting in their business, launching new products, and happily turning up a few notches on their annual holiday parties.

The more volume you process, the higher the savings. What could you do with that extra cash? Pay off debt, invest back into your business, or take the family on vacation?

Even if this company only ran 50k monthly, paying Intuit QB at 3.5% would be $1,750 monthly or more. After I'm done fine-tuning their processing, they're paying $1,100. That's $650 a month they would be saving. That's $7,800 a year and $23,400 in three.

This is a no-brainer. Once you're set-up, you don't have to do anything else. The work is done for you. It's business as usual.

Unless you gain more functions than you had, in this case, it will make your day-to-day operations way more efficient.

Of course, every situation is different depending on how much you save, but this is a widespread savings. The only way to find out is with a Cost Analysis of a current statement. That will give a thumbprint of your current processing. Once this is done, a more accurate quote can be made.

- **NOT EVERYONE OFFERS THIS SERVICE**

Even though merchants can win big with these savings, not everyone offers this service. In fact, many companies don't despite the advantage it gives merchants. QuickBooks, Stripe, Square, and PayPal do not offer this service. As a result, merchants pay higher processing fees. It is like buying expensive concert tickets for the best seating only to end up with nosebleeds.

Stellar Gateway Capabilities

The best gateways are packed with extra features to make your B2B transactions smoother than a knife through hot butter. Here are some highlights:

ACH Payments

Nowadays, most gateways offer ACH services through their portal. This service allows bank transfers between bank accounts through the Automated Clearing House network.

Digital Invoice

Most gateways allow you to send digital invoices via email that the customer can pay on their phone or computer. Getting paid this way ensures you capture all important Level 2 and 3 data elements. This feature makes the payment process very simple for your customers, all while benefiting from the best rates.

Interchange Optimization is your winning ticket to huge savings in the B2B processing arena. By adopting Level 2 and 3 processing, you can save boat loads each month. Even though some major service providers sadly miss out on this opportunity, services like ours come through shining. Not only do we integrate with QuickBooks and other accounting software and CRMs, but we also offer additional features like ACH payment acceptance and digital invoicing.

With these gems of knowledge, you'll be ahead of the game. You'll be glad you followed the advice in this book. Thousands of dollars later, you'll thank me. It's time you implemented the practice of Interchange Optimization. You'll watch your savings grow. Your bottom line will thank you, and in no time, you may finally take that overseas family trip you've wanted.

And remember, in the words of a wise old pirate: "Why pay more when you can pay less?" Now go forth, matey, and conquer the rough seas of credit card processing fees, armed with gems of knowledge and the vessel to turn the tide in your favor. Here's to your treasure trove of savings and the adventures ahead!

Chapter 4:

Which Credit Cards Qualify?

Interchange Optimization sounds like a complicated physics course, right? Don't worry, you don't need a degree in Quantum Physics to understand it. It's not as complicated as it sounds. However, not all cards will qualify for this Exchange Optimization. Only a selected few will get the pass. Let's break down which cards make the cut.

- **BUSINESS CREDIT CARDS**

Most small and medium-sized businesses have them. These cards are used for purchasing office supplies or spending willy-nilly on that totally awesome coffee machine in the break room. Business cards have high interchange fees attached to them since the risk is higher, and transaction sizes are usually bigger. But here's a secret: submit Level 2 and Level 3 data, and you will lower their interchange rates. It's like magic but with more paperwork.

- **CORPORATE CARDS**

Most large corporations use these cards for large purchases and handling employee expenses. These cards can manage higher spending limits and cost more through higher interchange. More detailed transaction data is required to qualify for those lower interchange rates.

❖ PURCHASING CARDS (P-CARDS)

Sometimes called Procurement cards, P Cards, or Procards, these cards make procuring goods and services easy. They can help track spending on a program level, or individual account controls on an employee level. Making the payment process simple, they avoid the need to use invoices or PO's

These cards qualify for the highest discounts with interchange optimization.

❖ GOVERNMENT CARDS

Of course, the name says it all, Government agencies are issued these cards for official purchases. The rigorous reporting standards helps it maximize the interchange savings. Being detailed and transparent also aligns with government preferences.

❖ TRAVEL AND ENTERTAINMENT CARDS

These Corporate T&E cards are used for Travel and Entertainment expenses. They do not qualify for interchange savings on every transaction, but the savings are meaningful when they do.

These are the elite cards that make the cut. Accepting these cards really helps your bottom line and reduces your processing fees significantly. It can be a financial blessing. So, let's embrace this way of taking credit cards. Your bottom line will really transform in a positive way. With key data that is auto-populated in the fields for you, you will glide right through these transactions in the blink of an eye.

Chapter 5:

The Convenience of Auto-Populating Level 2 and 3 Data

SAVE YOURSELF TIME AND MONEY EFFORTLESSLY

This will make your life much easier and save you time, auto-populating Level 2 and 3 data. It's equivalent to your paperwork magically filling itself out while you sip your coffee. Mind-blowing, right? Well, it's not only possible, I'm here to show you how.

What's Auto-Populating Level 2 and 3 Data?

Is your virtual terminal or payment gateway automatically filling in all transaction details?

Auto-Populating is a Complete Game-Changer

Get back your time. Time is money and manually inputting data for each transaction is a massive time-suck. Don't do that anymore. Switching to a gateway that auto-populates this data gives you back hours each week. However long it takes you to manually input those transactions, multiply that by the number of transactions per week you do. That is how much time you will save because now those transactions will take seconds. Spend those hours focusing on your business, making customers happy, or even taking that well-deserved break.

- **No More Mistakes**

When you manually enter your Level 2&3 Data, human error is bound to happen. From typos or missed fields, a single error can lead to issues from incorrect billing to transaction approval. Auto-populating ensures your data is spot on with no more errors.

- **Maximize Your Savings**

So, not only are you saving money with your discounts, but with auto-populating, you can rest assured that all the necessary fields are complete every time, and nothing is missed or incorrect. This ensures you get the best rate without fail. When manually entering that data, you might be missing out on some of those savings by forgetting to do it, or doing it wrong.

- **Make Customers Happy**

Make the checkout process quick for your customers. Speedy transactions will make them thankful. An efficient, well-oiled machine reflects well on your business. Auto-populating data speeds up the point of sale, making your customers happier and more likely to return.

- **Stay Ahead of the Game**

Streamlining your operation keeps you ahead of the game. The technology is out there to make that happen for you and your staff. Make smart moves with Level 2&3 Processing. Work smarter, not harder.

Upgrade auto-populating systems and position your company as a forward-thinking, efficient enterprise. This can give you an edge over competitors still stuck in manual mode.

- **Don't Cheat Yourself**

If you're currently manually entering level 2&3 Data, it's time to treat yourself. By not transitioning out of the old school system, you're cheating yourself out of valuable time, savings, and efficiency.

- **Assess Your Current System**

Evaluate your current payment processing setup. Audit the transaction process. How long do you take on manual data entry? Are there mistakes made? Are there fields missed? Is the data entered every time? If any of these issues ever happen, you miss out on all potential savings.

- **Demo Auto-Populating Solutions**

Unfortunately, there are not many options out there that offer auto-populating features for both Level 2 and 3, especially any that integrates seamlessly with your accounting, inventory, or CRM systems and meets your business needs with an API. However, when you finally find one, make sure you have it demonstrated for you. Live demos are the best.

- **Take the Leap, Make the Switch**

Change might seem daunting, but the long-term benefits far outweigh the short-term effort. Our biggest obstacle to growth is the status quo. It can be challenging at times to step out of our comfort zones. If your current provider is not doing the job for you anymore, someone out there is ready, willing, and able to take care of you like you deserve.

- **Enjoy the Reward**

Once you’re up and running, you’ll quickly see the difference. Transactions will be faster and more accurate, and you’ll save money on processing fees. Plus, you’ll have more time to focus on what you do best: running your business.

- **Embrace Your Future**

Give your business the best tools to succeed. Embrace your future of merchant services and watch your efficiency and savings soar! Here’s to smarter, faster, and more profitable business practices!

Chapter 6:

Visa and MC Interchange - Rates and Fees

Interchange fees make many merchants scratch their heads. To be honest, they make merchant Service Consultants scratch their heads for a time before actually grasping it. Sometimes, reading your credit card processing statement feels like you need a translator. Visa and Mastercard make it confusing, but don't worry! I'm here to clear up the mystery of interchange fees, turning you from puzzled to pro in the world of merchant services. I'm giving you a map to their maze.

What is Interchange?

Interchange fees are the toll merchants pay to the card-issuing banks whenever a card is swiped, dipped, tapped, or key entered. It is the cost of doing business. Think of it as a small fee for accepting plastic instead of paper. These fees are set by the card networks—primarily Visa and Mastercard—and are designed to cover various costs, from fraud prevention and transaction processing to their marketing.

Every time you accept a credit card, a small piece of your profit is taken off the top and sent to the card-issuing bank. This is a percentage of the transaction amount plus a few cents. For example, you will see something like 2.25% + $0.10 per transaction. The exact numbers can vary depending on a multitude of factors, which we'll discuss next.

VISA MC INTERCHANGE CAN BE CONFUSING

You might feel like you're lost in a maze. Like you need help finding your way out. All these categories and fees can seem complex and depend on many things. Let's see what they are:

- **Card Present vs. Not Present**

Whether a card is present or not actually affects the interchange rate. Card-present transactions (like online or phone orders) typically cost less than card-not-present transactions. It's like the difference between trusting someone you've met in person and a stranger online. Less risk means lower costs.

- **Card Type**

There are around 300 Interchange categories. Some cards cost more than others. Let's take rewards cards; they usually have higher interchange fees in comparison to basic debit cards. Why, you ask? Those sweet airline miles and cash-back perks must get paid somehow. Spoiler Alert! It's not the card issuer.

- **Merchant Category Code**

Your business gets a unique code (MCC) based on its industry. Some industries, like grocery stores and gas stations, get lower rates due to their MCC. The way the card brands see it is, the more transactions, the lower the rates.

- **Size of Transaction**

To the card brands, size matters. Larger transactions qualify for lower rates, especially if detailed data is provided.

Understanding the Rate Structure

Visa and Mastercard visit the tables twice yearly and adjust their Interchange pricing. They then publish them on their sites, which are about as exciting to read as a tax manual. These Interchange tables list the specific fees for different kinds of transactions. Although there are over 300 categories of Interchange categories, here are a few common categories B2B merchants typically see:

1. E Commerce Transactions
2. Level 2 and Level 3
3. MOTO Rate (Mail Order/Telephone Order)
4. Corporate Card Rate
5. Purchasing Card Rate
6. Business Card Rate

Here are a few categories Government Merchant statements typically show:

- Government to Business Rate (G2B)
- Purchasing Card Rate
- Corporate Card Rate
- Large Ticket Rate
- Small Ticket Rate

LET'S KEEP IT SIMPLE

Even though interchange can be confusing, I will break down some ways to handle and lower these costs:

1. **Submit All Data:** For B2B transactions, submit all necessary information on each transaction. This helps qualify these cards for lower interchange rates.
2. **Choose the Right Merchant Consultant:** It is not only the processor that has to be the right pick, but also the agent or Merchant Consultant that understands your business needs and why. That way, they can tailor solutions to your needs. It is vital to have access to a liaison that can assist you at any time you call. You can always contact the 800 number, but when you have a relationship with your Agent, it makes a world of difference. It's like hiring a skilled jungle scout for your journey through the interchange jungle. There are many out there, but not many reliable and experienced ones.
3. **Leverage Technology:** Use advanced but simple payment gateways and systems that automatically convert Level 2 and Level 3 data upon submission. This will streamline the process and ensure you always comply with lower interchange rate requirements.
4. **Interchange Fees:** These may be necessary with credit card processing, but it doesn't have to be frustrating. By clearing the smoke around Visa and Mastercard interchange fees, merchants can see what causes these fees and find ways to manage them. You can handle this with confidence once you pick the right partner. In the complex world of merchant services, learning more about interchange fees is like having the secret sauce to make your payment systems work better and save you money.

These Interchange rates and fees are the actual cost of the card when accepted. This cost only goes to the issuing banks and card brands who've issued the cards to the consumers who used their cards at your establishment. The processor adds their percentage on top of these rates because that is how they get paid for facilitating your transactions.

If you are on an Interchange Plus program, you will see the Visa, MC, Amex, Disc, and any other card brand categories and costs of all the cards on your merchant account monthly statement. There will also be a flat percentage on top of that you are paying the processor company. If you are on any other pricing structure, you will not see the costs or categories. You will instead only see maybe one or a few rates. In this case, all the cost is hidden within that one or a few rates.

In the next chapter, I will explain how to determine what pricing structure you're using.

Chapter 7:

The Different Pricing Structures to Know

When signing up for a merchant account, you often are not given a choice on which pricing structure you get placed on. What they don't usually tell you is there are several common pricing structures: 2-4 tier pricing, flat rate, bill back, and interchange plus. We will break down these in plain English to help you understand what they are, how they work, and what to consider when presented with any of these pricing structures.

❖ 2-4 TIER PRICING

I'm seeing less of this pricing structure, but this is where categories are separated into separate tiers. Where the card falls depends on the card type and whether the card was present or not when the transaction was run. The most common tiered pricing would be 3 Tier. It looks like this:

- **Qualified:** This is the lowest rate and least expensive tier, which applies to transactions such as debit or consumer credit cards in person. It is qualified because it fits the low-risk category.
- **Mid Qualified:** This tier is the next higher-up. It is for transactions that take on just a tad of risk, such as using a rewards credit card or taking a card over the phone.
- **Non-Qualified:** This applies to the riskier transactions. Cards that would fall under this tier would be for example - international cards, business or corporate cards.

In some cases, there is a fourth tier for a Check Card or Debit ran as a credit card. In this case, that would come in at an even lower rate than Qualified. That is, if your service provider really wanted to cut you a break and take it easy on you. There is also a two-tiered pricing structure, this one would have just a Qualified and a Non- Qualified. In this case, your Qualified would fall in place, but your Mid Quals and Non-Quals would all fall under Non-Qual, and you would pay the highest price for all those cards that fell there. This is where your service provider didn't want to cut you a break.

The upside: It is pretty simple to understand, and you know the rate for each tier.

The Downside: It can cost more money, especially if you take a lot of commercial cards.

❖ FLAT RATE

There is one rate only. Every transaction will fall under this rate, regardless of anything you can think of. For example, a flat rate might be 3% for any and all transactions, no matter if they are debit or commercial credit cards, swiped, tapped, or keyed in.

The Upside: It is super easy and the simplest of all of them. Even easier to budget.

The Downside: It isn't the cheapest option, especially for merchants with many low-risk transactions that would otherwise qualify for lower rates under other pricing structures.

❖ BILL BACK

Also known as Enhanced Recover Reduced (ERR), gets more complicated. Upfront the transactions are charged at a lower rate, but then the processor conveniently ups the price later, billing back any additional fees. For instance, you might see a 1.38% rate initially, but at the end of the month, additional costs (such as interchange fees) are added. One thing they don't tell you when floating that rate out there is that it is for one card category. For example, your check cards will fall under that rate. However, the rest of the cards fall under the higher rates. That is very unethical.

The Upside: It looks like low rates upfront. Looks nice!

The Downside: The end price can be unpredictable, which makes it difficult to know the actual rate you're stuck with until you get the bill.

❖ INTERCHANGE PLUS

Also known as "Interchange Pass Through," this is the most transparent pricing model. You pay the interchange fee (the fee set by the card networks, like Visa or Mastercard) plus a fixed markup. For instance, if the interchange fee is 1.95% and the processor's markup is 0.5%, you'd pay 2.45%. If you accept debit as credit cards, your effective rate will be much lower.

The Upside: This model is totally transparent and upfront; you can see exactly what you're paying and why, the true cost, and the markup. It is also more cost-effective for B2B businesses with higher transaction volumes or lower-risk transactions.

The Downside: Trying to understand Interchange can be discouraging, as there are over 300 categories and rates. This is why I always educate my merchants in plain English on anything they want to learn.

Which Pricing Structure Do You Want to Be On?

I'll put it to you this way: If you, as the merchant, are paying the fees, Interchange Plus is the way to go. I place all my B2B clients in this program. There is full transparency in this pricing structure. Understanding it can be a little complex, but I guide my merchants. You have the best chance of paying much less than the flat rate companies like Stripe, Square, PayPal, Intuit, and many others will charge you. If you are on a Dual Pricing Program where the customer pays the rate, that will definitely be a flat rate. That is how that works. In conclusion, understanding these pricing structures can help youchoose the best fit for your business, manage costs, and maintain a smooth customer payment process.

Chapter 8:

Send Me Your Processing Statement

The first area where savings can be realized is the merchant statement. Knowing this, merchants can still sometimes be reluctant to hand it over for an analysis. Allow me to explain why sending that statement is fundamental to realizing those significant savings.

The Reluctance

Merchants sometimes hold tight to their merchant statements due to privacy, not wanting to be judged, or they just don't see the benefits of a detailed analysis. I get it. It's a natural response to be protective of any financial info, but understanding the precise pricing model of your current processing program is mandatory for making informed decisions. By holding back this information, you are missing out on opportunities to reduce your expenses significantly.

Which Pricing Structure Are You On?

One of the main reasons I ask for a merchant's statement is because I need to know what pricing structure they're on. There are several different pricing structures: 2 Tier-4 Tier, Interchange Plus, Flat Rate, Bill Back, Cash Discount etc., etc. It can get complex, with various rates and fees applied depending on the transaction or card type and processing method. Without a detailed analysis, it is impossible to compare your current costs accurately with potential savings from different processing options. We need to compare "apples to apples", as they say, not apples to oranges. Quite often, a merchant does not know exactly what they are paying. Many do not even see a statement for long periods of time. They trust an upfront teaser rate their provider verbally told them or advertised. The way to know the truth is by finding your "Effective Rate". You simply do that by dividing what your provider billed you by the total volume you ran in credit cards (Including debit that was run as credit). Then, you get your true rate. It is often a surprise to merchants when they find out the rate, they're paying isn't what was promised.

The Card Types You're Accepting Dictates Your Savings

There are over 300 categories of interchange rates. So, the cards you're accepting on a regular has to come to light in order to know what to expect in savings. What's also important is knowing how these cards are categorized according to the interchange tables. This information is only available through a thorough analysis of your merchant statement. A detailed analysis can uncover hidden fees and inefficiencies and highlight opportunities for savings. This is a great way to uncover if your account can benefit from interchange optimization.

Are you beginning to see why the statement is key?

ADDRESSING COMMON CONCERNS

To be honest, there is nothing I would be able to do with their processing statement other than do a cost analysis. I even tell them to get a black marker and cross out their merchant ID for their privacy. All I'm after is processing data for my complete analysis to make my presentation. After making sense of why I need the statement, most merchants understand, and I can begin the analysis. Merchants just want to make sure they are handing it over to a reputable merchant consultant who will prioritize their privacy and security. I get that. I advise my clients to be confident that their statements are safe and confidential.

Here Are Some Action Steps

1. Find a hands-on, reputable merchant consultant who has experience and places you as a top priority.

2. Share your processing statement with your top pick to begin a thorough analysis.

3. Your chosen partner should share the results with you and go over them thoroughly so you really understand the findings.

4. If there are no significant savings and you are happy where you are, stick with it. It may be time to make good business decisions if good savings are uncovered.

Follow these steps. Take control of your credit card processing costs. Unlock significant savings for your business.

Chapter 9:

The Customer Pays the Processing Fees

Here is where we discuss pricing models that change who pays the processing fees! Brew some fresh coffee, sit back, and enjoy a pricing model that is taking the credit card processing world by storm. I'll try to keep this simple…just share some coffee, please.

Dual Pricing, Cash Discount, and Surcharge: What Are They?

Picture this: You sell Restaurant equipment. Customers can pay with cash or card. Every time someone uses a card, you pay a fee to the Processor. It's like losing a little bit of your hard-earned money every time you swipe. Dual Pricing, Cash Discounts, and Surcharges are here to help you save all the money. Here's why it's awesome: You save on card fees by giving a discount when paying with cash, and customers get to choose. It's a win-win!

- **DUAL PRICING**

Dual Pricing is the rockstar of this trio. It has become the Visa preferred method. With Dual Pricing, you display two prices for everything: one for cash and one for cards. Customers see the difference and can choose how to pay. There is only one price on the receipt, either the cash or card price. Gas stations have been doing this for a long time.

Example:

- Supplies: $100 (Cash)
- Supplies: $104 (Card)

Cash Discount

Cash Discount is where a percentage is added to the sale when customers use credit or debit cards. There is a separate line item on the receipt that usually says “Non-Cash Fee” or “ Service Fee” or any number of descriptors. Visa is phasing this method out, with hefty penalties if caught.

Example:

- Supplies: $100
  Non-Cash Fee $4.00

Surcharge

You add a fee to the total when customers pay with a card. It’s like a Cash Discount, but you cannot go above 3% and cannot surcharge for debit. You’re stuck footing the bill for all debit cards. That stinks.

Example:

- Supplies: $100 (Listed Price)
- +$3 (Surcharge for Credit Card Payment)
- Supplies: $100 (Listed Price)
- Merchant pays $3 since a debit card was used.

Another downfall of this method is not all states allow surcharging.

The Rules of the Game

Before deciding on a pricing model, here are the rules.

Dual Pricing

Display both cash and card prices clearly.

- Inform customers about the price difference upfront.
- Ensure the price difference reflects your actual cost of processing card payments.

Cash Discount Rules

- List the higher price as the regular price.
- Clearly state the cash discount offered.
- Ensure the discount is not higher than the cost you save by not processing the card.

Surcharge Rules

- Surcharges are allowed in most states but check your local regulations.
- Surcharge only credit cards, not debit cards.
- Inform customers about the surcharge before they pay.

Which Is the Crowd Favorite?

Which of these options is the most popular and why?

Dual Pricing: The Crowd's Favorite

Dual Pricing is gaining popularity faster than cat videos on the internet. Why? Because it's transparent, easy to understand, and lets customers choose how to pay. Plus, you save on those pesky card fees, making it the best option for long-term savings.

Cash Discount: On Its Way Out

Due to Visa cracking down on Cash Discount, it's now becoming a fading star. It's still somewhat of an option with some Processors, but you should just completely stay away for good. Run fast!

Surcharge: Kinda Cool

Surcharge is like the tribute band, which is still cool but just not the actual band. It's helpful but doesn't save you as much money as Dual Pricing. Again, it stinks because you're stuck paying debit card fees.

How Much Can You Save With These Pricing Models?

Dual Pricing: Save It All

Pass the entire card fee onto the customer who chooses to pay with a card. That's right, you save all of it.

Cash Discount: No Longer A Viable Option

With Cash Discounts, you save on card fees, but since it's being phased out, it's not a sustainable option.

Surcharge: Save But Still Pay

With Surcharges, you save on credit card fees but still pay with debit card fees. So, while you save, it's not as much as Dual Pricing.

Dual Pricing Is the Winner

Dual Pricing is the ultimate pricing structure if you decide to eliminate all your processing fees for good:

- **Transparency:** Customers know exactly what they're paying.
- **Flexibility:** Empower your customers to save by paying cash.
- **Savings:** You save on all the processing fees, passing the cost to the card-paying customer.
- **Compliant:** A totally compliant pricing model.

At the end of the day, Dual Pricing is the superhero of merchant services, ready to save you from drowning in card fees. It's transparent, popular, and saves you more money than Level 2 & 3 processing. You can do it for card present or not present.

Here's to smarter, more profitable business practices!

Chapter 10

What is an API?

The topic of APIs is an exciting one. This allows one program to communicate with another using this Application Programming Interface as a liaison. Let me use the restaurant scenario to simplify it. At a restaurant, you typically place your order with the waiter or waitress. They then communicate that order to the cook. The cook then sends your food back to you via the waiter/waitress. So, you were like Program A. The waiter/Waitress was like an API. The cook was like Program B. The API acted as the liaison between you two. An API takes a request from one Program A, translates it, and delivers it to Program B, which then responds back through the API.

How It Functions

It's easy to think of APIs as digital translators or messengers. For instance, when you check the weather on your cell phone, the app sends a request to a server using an API. The server processes the request, fetches the weather data, and sends it back through the API to your app, which then displays the current weather.

To review this process more closely, your app sends the request, which was sent through the API via API Call, and the server ***processes*** the request and ***responds***. API is sent a response with weather data back to your app. App translates the data and ***display***s it in simple format easy to understand.

- **APIs ARE ON THE RISE**

APIs have become increasingly necessary today. Since APIs integrate payment gateways with other software, more merchants are using APIs.

- **APIs WITH VIRTUAL TERMINALS**

Virtual terminals usually don't require APIs for basic functionality. They are simply designed for manual entry of electronic payment information via a web browser. APIs can enhance the functionality of VT's and gateways in several ways

APIs can integrate gateways and some VTs with CRMs and ERPs, creating a seamless flow between invoicing, payment tracking, and customer management systems. You can also extract transaction information for reporting and analytics, which gives you a deeper insight into your processing.

- **PAYMENT GATEWAY INTEGRATION**

Payment Gateways process payments between merchants and customers, sort of like the cashier at the grocery store. The customer pays the cashier, and the cashier runs the transaction, so the merchant gets paid. In the past, integrating gateways with software was a mission involving complex coding. That's so old school. Today, APIs are a big driver for gateways, making things a lot simpler for merchants.

APIs operate as a universal language for software systems to communicate with each other. They allow seamless experiences on e-commerce websites and integrate gateways into mobile apps, making in-app purchases and mobile payments easier and simpler.

So, no more formulating custom coding for your payment gateway. Things are much simpler. Merchants can now be flexible and choose the best payment provider for their needs without being locked into just one.

Payment gateways also contribute to POS Systems' capabilities using an API. These include in-store transactions and syncing payment data across online and offline channels.

The conclusion is APIs play a very important role in the functionality and flexibility of both virtual terminals and gateways. VTs can use APIs for integration and automation, but gateways rely heavily on APIs to enable seamless and secure payment processing across various platforms and channels. Merchants will be doing themselves a favor by leveraging APIs to improve customer experiences, enhance their payment systems, and optimize their operations.

Chapter 11

Virtual Terminals vs Payment Gateways

Technology is constantly evolving, especially in the merchant services industry. VTs and gateways are among the evolutions. It is beneficial to understand this technology and its purposes. VTs and gateways are similar in that they both process payments but serve different needs. Let's go over those differences.

Virtual Terminal

A VT is a web-based portal allowing merchants to manually enter electronic payment information. Card-not-present merchants primarily use this method. It is also known as MOTO Mail Order Telephone Order.

Features and Benefits include

Manual Data Entry: Key in card info for card not present transactions.

Accessibility: Available to use from remote locations.

Your own PC, Tablet, or Smart Phone: Virtual terminals do not require card readers or credit card terminals.

Security: Secure processing through encryption, protecting sensitive customer data during the transaction.

Payment Gateway

Gateways integrate mobile apps, POS systems, and websites. They are the link between the processor and merchant, guaranteeing secure transactions.

Features and Benefits include

Integration: Gateways integrate with a merchant's website, e-commerce platform, or POS system, providing a seamless payment experience for customers.

Payment Methods

Gateways are versatile, accepting a wide range of payment methods such as credit and debit, digital wallets, and bank transfers. Many gateways also offer recurring billing, subscription management, and detailed reporting to help manage transactions and their finances.

Real-Time

Gateways authorize and process cards in real time, which results in quick and efficient transactions.

Compliant

Advanced security measures, such as fraud detection, encryption, and tokenization, protect cardholder data and keep merchants compliant with the latest PCI standards.

Conclusion

If your business is not online and all you need is to be able to enter card info, a virtual terminal might be for you. However, if you also do e-commerce and need some integration or automation to streamline your payment processes, go for a gateway. The comprehensive features and security offered by a gateway will do you justice.

Chapter 12:

Integrate With QuickBooks Online

Imagine if you could run transactions, create invoices, and reconcile all within QuickBooks, business as usual, but not have to pay the high Intuit fees? No more bouncing between different platforms. This is possible through the latest technology. Now, you can save time, money, and headaches.

In the last chapter, we learned about gateways and their capabilities. Now, we will discuss one gateway that integrates seamlessly directly into QuickBooks. All your sales data, invoices, and payments are automatically recorded in QuickBooks; there is no double entry and no entering your data in any other portals.

- **Smooth Transactions**:

When your customer makes a purchase, the gateway processes the transaction that QuickBooks Online captures. This automation reduces the time spent running transactions and recording them—no more juggling systems. Having to enter your customer's card info into a separate portal is a thing of the past.

- **Invoicing As Usual**:

Create and send invoices directly from QuickBooks Online. When your customer pays, the payment is automatically recorded. This ensures your books are always up to date without any extra work from you.

- **Easy Reconciliation**:

Match your bank statements with your accounting records. This phenomenal integration records all transactions in real-time, making reconciliation a breeze. It connects the dots automatically. No more late nights trying to balance the books. Books are always accurate.

- **Fee Buster**

QuickBooks Accounting software is convenient but very expensive if you use Intuit as the processor. Their fees stack sky high and eat a lot of your profits for lunch. But with a superhero gateway that integrates with QuickBooks Online, you can sidestep those sky-high fees. There are other options that offer lower rates and fees than Intuit. By switching processing platforms, you will save money on every sale, which adds up to big savings over time.

- **Level 2 & 3 Processing (Interchange Optimization) Discounts**:

If you are a B2B merchant, you will save even more with interchange optimization. The cards you accept on this program will provide additional data that qualifies you for lower interchange rates.

Finally, integrating a more efficient processing platform directly into your QuickBooks will not only save you money but also simplify your financial management. You won't have to enter card data in any other portals to save money. Say goodbye to high processing fees and hello to a seamless, more cost-effective merchant account. Your business will run smoothly while adding more profit to your bottom line.

Chapter 13

Part One- Understanding Merchant Risk Levels

Risk evaluation is a necessary duty of merchant services. I know, not the most exciting topic to pass the time, but trust me, it's crucial to understand. I promise to keep it simple and to the point. You'll learn why your business might be seen at a certain risk level and why underwriters sometimes need to peek at your bank statements. Ready? Let's go!

What Does the Underwriting Department Do?

Think of the underwriting process as a safety check. You wouldn't drive a car without making sure it's safe, and processors want to make sure they're partnering with a reliable business. The underwriting department's job is to assess the risk of providing you with their services.

There are several factors Underwriters use to classify merchants into certain risk levels. The following explains what they are and what they mean:

❖ LOW-RISK MERCHANTS

Low-risk businesses have stable, predictable sales and low chances of chargebacks or fraud. They typically have consistent revenue, and they're easy to predict

Examples of these types are:

- Grocery stores
- Clothing retailers
- Cafes

❖ MEDIUM-RISK MERCHANTS

Medium-risk businesses are generally stable but might have a few more factors that underwriters monitor.

Examples:

- Restaurants
- Subscription services
- E-commerce stores (selling non-high-ticket items)

Why they're medium risk: Their sales fluctuate and occasionally face chargebacks, especially in e-commerce. However, they usually handle transactions without major issues.

❖ HIGH-RISK MERCHANTS

High-risk merchants are more of the risk takers of the business world. Their sales are less predictable and they tend to face a higher chance of chargebacks and fraud.

Examples:

- B2B companies (especially with high-ticket items)
- Travel agencies
- Online Gaming

B2B merchants border high risk because your transactions often involve large amounts, which can lead to more significant chargebacks. Online businesses, in general, face higher fraud risks due to card-not-present transactions.

B2B Transactions

In the B2B sector, transactions usually involve large amounts of money. When credit card transactions are high volume, the stakes are higher. A chargeback on a $10,000 sale impacts much more than a $10 chargeback at a coffee shop.

Card-Not-Present Merchants

For CNP merchants, such as e-commerce websites, the consumer isn't present during the transaction. This scenario increases the chance of fraud since it's easier for someone to use stolen card information online.

Why Underwriters Request Bank Statements

So why do underwriters sometimes request to see your bank statements? No, It's not for nosy reasons. Believe it or not, the reasons are actually valid. They use this to get a snapshot of your business's financial stability.

Like your doctor checks your vitals to assess your health, underwriters check your bank statements to determine your company's financial health. It's a financial health check for cash flow. They want to confirm your finances are in order to support your operations and any potential chargebacks. They look for merchants who are less likely to have payment issues and who are safer bets for merchant service providers.

What the Financial Health Check Consists of:

- **Deposits are Consistent:** Consistent and regular deposits indicate steady income.
- **Wholesome and Healthy Balance:** A nice healthy balance indicates you have enough money to cover chargebacks or refunds.
- **Minimal Overdrafts:** Habitual overdrafts might signify financial instability, which, of course, is a red flag for underwriters.

Stay Positive

Just to be clear, falling into the medium or high-risk category isn't a negative judgment on your business. It's just a way for underwriters to ensure they provide the right support. So, they just need to understand your business better.

Benefits of Underwriting

Here's the good news: thorough underwriting helps build a trustworthy relationship between you and your merchant services provider. It ensures that both parties are on the same page, reducing the chances of surprises down the road. If underwriting only approves your account to run a certain high ticket limit, that limit can always be raised within a few months of steady processing.

Make the Process Smoother

Want to simplify the process? Here are some tips:

1. **Keep Good Records:** Maintain your financial records, stay up to date and well-organized.
2. **Be Upfront:** Send in all requested info promptly. It is better to know upfront where you stand.

So now that you have had a chance to look through an underwriter's lens crafters, you get the picture and are now better equipped for smooth sailing. It is all about establishing a trusting and solid relationship.

Part Two- Risk Levels in Card Present vs Not Present

CARD-PRESENT TRANSACTIONS

Card present is the scenario where the cardholder is present with their card to make the transaction. This typically happens in Restaurants, brick and mortars, and anywhere goods or services can be bought in person. The main methods for processing card-present transactions are:

Swiping: The card's magnetic strip is swiped through a card reader. This is being phased out as magnetic strips disappear.

Dipping: This is where the card is dipped into the terminal to pay, capturing the EMV (EuroPay MC and Visa) chip.

Tapping: This is the coolest form of pay where the card or phone is tapped, and card info is captured without physical contact. This is possible through a technology called Near Field Communication (NFC)

Risk Levels

The fees set by the card brands are lower since card-present transactions are less risky. When the card is presented in person with the chip, tapless technology helps verify the cardholder and cuts down on fraud. Merchants can also check IDs—kind of like a bouncer at the door that is hard to sneak past.

Card-Not-Present Transactions

Card Not Present is when a customer makes a purchase and is not physically there at the point of sale. This type of transaction happens on e-commerce websites and phone orders. The main methods for card-not-present transactions include:

1. **Online Payments**: Cardholder makes their purchase on a website.
2. **Telephone Orders**: The cardholder provides card information over the phone, which the merchant then manually enters into their gateway or VT.
3. **Mail Orders**: The cardholder sends their card information via snail mail for the merchant to manually enter into their gateway or VT.

Risk Levels

Card-not-present transactions are riskier than card-present ones. Without the card and cardholder right there, it’s harder to tell if the transaction is legit. It’s like trying to guess who’s on the other end of a prank call! Scammers can use stolen card info to make fake purchases. So, card companies have stricter rules, like needing the CVV code and using fancy fraud detection tools. It’s like adding extra locks and security cameras to keep the troublemakers out!

Fee Structure

Interchange fees are higher on card not present transactions, because they are riskier. The extra fees cover better security and chargebacks as they happen. Even though the interchange is a little higher, it is generally worth it since you are reaching a far greater audience of consumers. It is like paying a little more for home delivery. Sure, it might cost more, but who’s complaining when they can stay in their pajamas?

Card present does benefit from lower interchange rates and fees due to less risk. On the other hand, a card that is not present drives higher interchange costs due to more risk, but more of an audience of customers is reached. With good security and understanding of the fee structures, you can handle the ins and outs of merchant services like a pro. It’s like knowing when to cook at home (cheaper, safer) and when to order takeout (costs more but reaches farther).

Chapter 14:

Part One -Strategies for Preventing Fraud and Chargebacks

Card-Not-Present Transactions

How do you verify cardholders' authenticity when they aren't in person for you to see? That honestly does raise the risk of fraud, especially if you sell products mainly to consumers who aren't businesses. Stolen card info is used all the time to make fraudulent purchases.

Protection Strategies Against Fraud

3D Secure is worth mentioning here. The 3 D's actually stand for the three domains that it uses: the Acquiring banks domain, the issuing bank domain, and the Interoperability domain, which is the card brand's infrastructure that supports the 3D Secure protocol. 3D Secure is often labeled under different names, which can be confusing.

Verified by Visa or Mastercard Secure Code is a Strong Customer Authentication (SCA) that sends a password or code to the cardholder's smartphone or tablet. The actual cardholder has to authorize the verification process, which really depends on the issuer.

While the intention is good with 3D Secure, which adds an additional layer of security, there was a downfall for this technology in the past. The passwords that are issued to cardholders are usually forgotten or connected to an old phone number. This creates frustration and headaches, which, in turn, loses money for the merchant. 3D Secure has been evolving these days with smoother transaction experiences.

Not all card-issuing banks participate in 3D Secure, so while it does help with chargebacks, it doesn't eliminate them entirely.

Next up is false declines. Sometimes, the issuer declines the transaction for no reason, which causes the merchant to lose money.

Reducing Chargebacks

Chargebacks are where the cardholder calls their issuing bank and disputes a transaction. The bank then temporarily refunds them. The money from that transaction is then ACH'd out of the merchant's account and held in a sort of escrow for the time being while the card brand reviews all proof and documentation supporting the claim and the merchant's defense. They make a decision and release the money to the merchant or allow the cardholder to keep the funds. I have helped merchants get together their letters of explanation and submit documents to the right channel. At that point, it is 50/50 unless it is an Amex card, which they almost always decide in their member's favor.

Here are some tips that should help with avoiding most of these chargebacks:

1. **Be Transparent**: Company policies must be posted so all your customers can see them without issues. Include refund, return, and shipping policies. Detailed descriptions should label all your products and services. This should minimize misunderstandings and deter most chargebacks.
2. **Johnny On the Spot**: Be Johnny on the spot for your customers to resolve any issues or concerns they may have. Address any issues as soon as possible. This will help greatly decrease chargebacks.
3. **Notifications**: Send reminders in the form of order confirmations and shipping notifications. This keeps loyal customers informed about their orders. Always send tracking info for all items shipped. This reduces non-receipt claim chargebacks.

4. **Detailed Records**: When you keep detailed records on hand of all transactions, it makes it much easier to dispute the chargeback. This includes order details, customer communication, and shipping information. Keep this in your filing system for disputing chargebacks.
5. **Analyze Patterns**: If you receive chargebacks frequently, you should review patterns and common denominators to understand why this is happening. Understanding why chargebacks occur gives your insight into how to implement targeted measures to prevent them in the future.

To summarize these practices, use a filing system to maintain detailed records on all your orders. Activate the fraud detection tools within your gateway. Stay in contact with your customers by notifications; when they reach out to you, be easily accessible. Keep them in the loop throughout their order process. This will reflect great customer service on behalf of your company. Your customers will feel taken care of and will create a secure transaction environment. You will be able to sleep better at night knowing you're doing all you can do as you put all these tools in place for your Card Not present merchant account.

Part 2 -Strategies for Preventing Fraud and Chargebacks

- **Card-Present Transactions**

In a card-present environment, it is less risky, but fraud and chargebacks do happen, nonetheless. Here are some key measures to help you protect your business:

- **Accept the Chip:**

Upgrade your hardware to accept the EMV chip if you haven't already. That chip was put in place to reduce fraud. That technology has been used around the world for about 20 years or more before the U.S. got on board several years back. It is more secure than magnetic stripes because it is harder to make counterfeits from the chip. So, get with it.

- **Check IDs**

Check IDs, especially for high-volume transactions. Match it to their credit or debit card. This ensures the card that is being accepted belongs to the person on the ID. In rare cases, it has happened where both are presented, but they were counterfeits. Sometimes, there is nothing else that can be done. However, we must maintain our best.

- **Tap to Pay**

Tap-to-pay is a big hit; customers love it and are secure.

Mobile wallets, tap-to-pay cards, and near-Field Communication (NFC) are great inventions.

Encourage customers to use it. It offers additional layers of encryption and tokenization, and it keeps germs away.

- **Be Observant**

Train staff to stay observant and recognize weird behavior. Fraudsters commonly express nervousness when making especially large transactions. Keep an eye out for multiple declines. Never allow staff to permit the customer to touch the terminal other than by inputting their PIN or selecting print options, tip options, etc. Never force through a declined transaction. If a customer seems too savvy in pushing through transactions, they are more than likely a fraudster.

- **Keep Detailed Records**

Use a filing system to maintain detailed records of transactions, such as receipts and signed slips, to protect yourself against false claims.

When chargebacks come, you will be glad to keep records of all your transactions. The chargeback review team will request proof of the transaction and the steps you took to verify the customer’s identity.

To summarize these practices, use a filing system to maintain detailed records on all your orders. Stay up to date with EMV and NFC-capable equipment. Verify IDs, train staff, and keep detailed records of your transactions. This will also enhance customer trust and satisfaction. It will create a secure transaction environment, and you will be able to sleep better at night knowing you’re doing all you can as you put all these tools in place for your Card present merchant account.

Chapter 15:

Understanding PCI Compliance

WHAT IS PCI COMPLIANCE?

When multiple breaches were happening to major department stores, the card brands (Visa, Mastercard, American Express, Discover, and JCB) collaborated in 2006. They decided to establish a set of security standards to protect businesses and consumer credit card data. PCI stands for Payment Card Industry, or it is sometimes seen as Payment Card Industry Data Security Standard (PCI DSS).

Their goal was for all businesses that accept card payments to ensure a safe environment and avoid the chaos of data breaches.

Importance of PCI Compliance

Safeguard Credit Card Info:

Cyberattacks and unauthorized access are a reality in the credit card world. By adhering to these standards, businesses lower the risk of data breaches and ensure a protected environment for card transactions.

Build Trust:

Being PCI Compliant helps your reputation with customers, who are assured their payment information is secure. One data breach can severely damage a merchant's reputation, leading to a loss of customers. It is important to stick to these standards.

Fines If Not Compliant:

When merchants do not comply with PCI standards it can result in monthly fees from credit card companies and banks. In some cases, merchants might lose the ability to accept card payments altogether. Maintaining PCI Compliance is essential.

Money Pit:

Data breaches can be a money pit. Customers must be notified, legal fees must be paid, and fraudulent transactions must be compensated. When you are PCI Compliant, it helps prevent these scenarios and protects the business's financial health.

6 Requirements of PCI DSS

There are six requirements that the PCI DSS is composed of that businesses must meet. You can call this your survival guide for PCI Compliance

- **Maintain a Firewall**:

Have your IT build and maintain a firewall to protect customer card data.

Do not use default system passwords and other security parameters. Avoid easy passwords like "Admin123".

- **Protect Cardholder Data**

Ensure your gateway or hardware provides encryption, truncation, masking, and hashing. Your merchant service provider handles this. Your everyday rep will not know what this is; tech support should.

- **Keep Systems Updated:**

Update anti-virus software and maintain. Your IT will help with this

update and maintain secure systems and applications.

- **Restrict Access**:

Restrict access to customer credit card data. Keep all staff on a need-to-know basis.

All staff who have computer access should have their own ID.

- **Track and Monitor**:

Track and monitor access to customer credit card data.

Keep security systems and processes up to date.

- **Maintain an Information Security Policy**:

Establish a policy that addresses information security for employees and contractors. Rules aren't just for kids.

Steps to PCI Compliance

1. **PCI Level**: A merchant can be categorized based on the volume of transactions processed annually. Each level has specific compliance requirements.
2. **Self-Assessment Questionnaire (SAQ)**: Merchants using a desktop terminal must complete this questionnaire once a year. The questionnaire basically asks questions regarding how you handle customer credit cards, ensuring the best safe practices.
3. **Quarterly Scans**: If using a computer(s), it must be scanned quarterly by an Approved Scanning Vendor (ASV).
4. **Implement Proper Measures**: Merchants must implement the required steps to protect credit card data.
5. **Submit Your Certificate**: After completing the questionnaire, you will need to email the certificate to your merchant service provider, which will let them know you are compliant for another year.

Stay PCI Compliant

PCI Compliance is an ongoing practice that must be maintained. Merchants must monitor their systems often, update security protocols, and keep all staff trained in data security practices. So, put on your compliance cap, follow the guidelines, and keep your business safe from digital dragons.

Chapter 16:

Dangers of Choosing the Wrong Merchant Service Provider

I cannot express more that choosing the right provider is crucial to not only the health of your merchant account but also your health. Choosing the wrong provider can cause much stress in your life. A host of issues, from unnecessary junk fees to merchant support, that just simply sucks. So many merchants find themselves stuck with poor service. I've seen sales agents play dodgeball with their phone calls only to leave their merchants to fend for themselves when dealing with a critical issue that needs attention. Sure, you can call the 800 number; some are good, and some are far from it. However, when you are in the middle of an issue, you can be very frustrated without quick support ready to hear you out and jump on the problem to get it solved for you.

Choosing the wrong credit card processor can have undesirable pitfalls. I'd also like to highlight the importance of having a dedicated, hands-on payment professional at your service.

Common Pitfalls

- **The 800 Number**

One of the most prominent drawbacks of many credit card processors is the lack of personal support. Have you been provided with an 800-help desk number as the only source of contact when an issue arises? That's great and it does come in handy at times, but this can also lead to a quagmire of automated options. Have you ever needed immediate assistance and are stuck choosing options and waiting on hold instead of talking to a helpful person? Or how about explaining your problem only to be transferred and having to explain yourself repeatedly, multiple times? Talk about wasted time and a frustrated city with no immediate resolution. When there's a problem, the last thing a busy merchant needs is to be stuck on hold or bounced from department to department. Talk about an uphill battle. I have all my merchants call me. I run a business and do not clock out. I have hundreds of merchants, but every merchant is important to me, no matter the size. Your issue is my issue until it is resolved. If I do not have an answer, you can best believe I will engage the processor and get answers for you. If I am with another client and do not pick up right away, I call back immediately once I am out.

- **Non-Dedicated Reps**

You can find, at times, representatives that actually care about doing their job. However, they are few and far between. Usually you are often met with someone who has no vested interest in your account. These employees are watching the clock until they can punch out. This lack of investment in the merchant's success means that your issue remains your issue. When you are dealing with your money, you need someone who understands your business and is genuinely interested in helping you succeed. Someone who knows your account by name and not just another number. Again, I am like a concierge, a liaison between you and the processor. I go to bat for my merchants and hustle to keep their merchant accounts a smooth-running, well-oiled machine.

- **Poor Communication Channels**

Many merchant service providers fail to offer a communication channel that best serves the merchant. Not being able to call or text your dedicated rep's cell phone whenever you need can really hinder your ability to resolve pressing issues quickly. Have you ever tried to resolve a payment issue but couldn't send a quick text or make a direct call? This is inexcusable, especially when time is of the essence. Make sure you are able to contact your rep's personal cell phone. He or she must pick up or return that call quickly, even if it's the weekend.

- **Confusing Fees**

Another problem can be confusing bogus fees and random charges. This can lead to major volatility in your bill, which can be confusing when managing expenses and budgets effectively. Misunderstandings over pricing in the processor's favor can also sometimes ruin trust. Transparent and upfront pricing is vital for managing your business finances effectively. As I always say, no one likes surprises after the honeymoon.

- **The Solution**

As a hands-on Sr. Merchant Consultant, I provide my merchants with a level of support that goes above and beyond the industry standard. When it comes time for a change, here is what you need to look for.

Look For Independent Merchant Consultants

Look for a Merchant Consultant who is not an employee of the service provider. The reason is that over the years, I've always come across merchants who were signed up by a rep who they can no longer get a hold of. It is usually because they no longer work there, or they are mediocre representatives. Banks are a big one this happens at. The main reason is that these companies who send reps to show up or call you are almost always in a revolving door. The company hires employees and either lets them go, or they quit due to the micromanaging or cutthroat tactics within the bank or company. It seems the company keeps this cycle going until the end of time. It can be a vicious industry. An independent consultant usually has a vested interest in your account ongoing, and it is in his or her favor to keep your account running smoothly.

- **Direct Access**

Get your consultant's personal cell number for calls and texts. This means that whenever there is a concern, you can reach out to them directly. If you find a good consultant, this type of accessibility will ensure you always have assistance when needed. You will have peace of mind knowing if an issue arises, you can reach someone fast who knows your account and can provide immediate assistance. Hopefully, that consultant isn’t a dodgeball champion.

- **Immediate and Personalized Response**

Just to take the opportunity to paint a picture of how it is supposed to be and what you should look for; Unlike the faceless representatives of large processors, I have a vested interest in all my merchants’ accounts. It is my duty to understand my merchants’ business and its unique needs, which allows me to provide tailored solutions quickly and effectively.

Speaking of that direct line of communication, even if I am in a meeting with another merchant, I ensure that all calls are returned promptly, reinforcing my commitment to my merchants. This personal touch can make all the difference when you need quick, effective solutions.

The moral of the story is that choosing the wrong provider can become a nightmare. Most providers do not provide a direct personal contact for you to reach when you need to dial 911. When there is a problem, you must fall in line with the rest of their merchants, which is very inefficient for your business. This irks me because I am a hands-on, dedicated merchant consultant who takes care of business for my merchants. This is why I help merchants nationwide avoid choosing the wrong provider. This allows business owners and staff to focus on what they do best: running their businesses.

Chapter 17:

Closing Thoughts

As we close out this book on the intricate world of credit card processing for B2B merchants, it's important to reflect on the number one goal: ensuring that you take your company to the next level by optimizing the cost of transactions and enhancing the efficiency of your processing system.

My goal with this book is to provide you with basic knowledge and practical strategies for implementing Level 2 and Level 3 processing, understanding interchange fees, and conquering the complexities of payment systems.

That being said, the real transformation takes place when you put this knowledge to work with the right support behind you.

I would like to offer my services to your B2B business. As your dedicated Electronic Payments Professional, my commitment to you extends way past an application. I am here to act as your advocate, your liaison, and your partner in navigating the credit card processing landscape. Whether you need to upgrade to an efficient gateway, or you like the system you have, but the support just isn’t there. Maybe you just like to use desktop terminals or need mobile devices for out in the field, I got you. I am here to make recommendations, but ultimately, you’re the boss of your operation.

24/7 Help Desk

In addition to my personal assistance, you will always have access to a 24/7 help desk. No matter the time of day, someone is always available to assist you. This is to give you peace of mind that you can get a hold of someone at any time. However, having me on speed dial means you have direct contact to someone who knows your business. If I am in a meeting and do not pick up, I always promise to call back as soon as I free up. You are never left without assistance when you need it.

Your Partner

By putting this book into practice, and with my support, you can elevate your merchant processing from a necessary expense to a strategic advantage. The knowledge and actions we've covered will arm your business for greater profitability and growth. I'm not just some rep who signs you up and says, "Good luck" as I wave goodbye and hand you off to help desk; I am here as a partner to ensure your business thrives. We will turn the complexities of the merchant services industry into streamlined, cost-effective solutions that drive your business forward. And who knows, someday we may be friends like many of my long-time merchants and I are.

Thank you for reading this book. Keep it as your go-to guide when looking for answers.

Here's to your continued success and prosperity. I wish you and yours the best in life.

Much Love,

Carlos Santino

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Basic Terminology

1. Acquirer (Acquiring Bank)

An acquirer is a credit card processor that processes credit cards. The acquirer provides the merchant with the necessary equipment and software to accept card payments and transfer funds from the cardholder's issuing bank to the merchant's account.

2. API (Application Programming Interface)

An API, is an Application Programming Interface. Imagine you are at a restaurant, and the waiter takes your order, tells the kitchen what you want, and then brings your food back to you. An API works the same way: it takes requests from one program, delivers them to another program, and then brings the response back to you. This allows different software applications to work together smoothly.

3. Issuer (Issuing Bank)

A bank that provides credit or debit cards to consumers. The issuing bank approves or declines transactions based on the cardholder's available credit or account balance.

4. Interchange Fee

The acquiring bank pays the issuing bank a percentage of the sale for each credit or debit card transaction. The card networks (e.g., Visa, Mastercard) set these fees, covering transaction processing costs, fraud prevention, and cardholder benefits.

5. Merchant Account

An account that allows merchants to accept payments via credit and debit cards. The merchant account is established through an acquirer and is essential for processing card transactions.

6. Payment Gateway

A technology provider that connects the merchant's payment system to the acquiring bank. The payment gateway securely transmits transaction data for authorization and settlement.

7. Authorization

The process of verifying that a cardholder has sufficient funds or credit to complete a transaction. The authorization process involves sending transaction details to the issuing bank, which approves or declines the transaction.

8. Settlement

The process of transferring funds from the cardholder's issuing bank to the merchant's account after a transaction has been authorized. Settlement typically occurs within one to three business days.

9. Chargeback

The cardholder calls their issuing bank and disputes a transaction, often due to fraud, dissatisfaction, or billing errors. Merchants must respond to chargeback claims to avoid losing the transaction amount.

10. Point of Sale (POS)

The location and system where a transaction takes place. POS systems include hardware (such as card readers and terminals) and software that processes payments, manages inventory, and generates receipts.

11. Card-Present Transaction

A transaction where the cardholder physically presents their card to the merchant at the point of sale. This includes swiping, dipping (for chip cards), or tapping (for contactless payments).

12. Card-Not-Present (CNP) Transaction

A transaction where the cardholder is not physically present at the point of sale. CNP transactions include online, phone, and mail orders and carry a higher risk of fraud compared to card-present transactions.

13. PCI (Payment Card Industry)

PCI compliance comprises security standards established to ensure that all entities processing, storing, or transmitting credit card information maintain a secure environment. Compliance is mandatory for any organization handling cardholder data..

14. CVV (Card Verification Value)

A three- or four-digit number printed on the back of a credit card (or front for American Express cards) is used to verify that the cardholder has the physical card during CNP transactions. It helps reduce fraud by confirming that the customer has the actual card in their possession.

15. EMV (Europay, Mastercard, and Visa)

Microprocessor Chip technology is embedded in credit and debit cards and generates a unique transaction code for each payment. EMV cards contain a microprocessor chip that enhances security by reducing the risk of counterfeit fraud.

16. Interchange Optimization

The process of qualifying for the lowest possible interchange rates by providing additional transaction data (Level 2 and Level 3 data). Interchange optimization is particularly relevant for B2B transactions and can result in significant cost savings for merchants.

17. Batch Processing

The process of grouping multiple credit card transactions into a single batch for submission to the acquiring bank. Batch processing typically occurs at the end of the business day and is essential for settlement.

18. Tokenization

Tokenization is a security technology that replaces card data with a unique identifier or "token" that cannot be used outside the specific transaction context. This ensures that actual card details are not stored on the merchant's systems.

19. Batching

The sending of Authorized transactions to the acquirer as a means of finalizing transactions and initiating the settlement process.

20. Clearing and Settlement

The process of moving authorized and settled funds from the cardholder to the merchant.

Understanding these fundamental terms is crucial for navigating the merchant services industry and managing your business's payment processes effectively. Learning this guide will equip you to make savvy decisions that improve your operational efficiency and reduce your payment processing expenses.