

*Intercept EFT™*



## **An Insider's Guide to Hassle-Free Credit Card Processing**

All business owners have tasks they dread: Paying taxes. Taking inventory. Scrubbing the floors. Clearing snow from the sidewalks (in certain climates, of course). These duties must be completed – but they take time, require attention and affect the bottom line.

Many would add credit card processing to that list. Equipment fails. Transaction fees add up. Statements are difficult to understand and reconcile. Regulations grow more convoluted. Technical issues pop up and consume your day.

You can't afford to ignore credit card processing, however. Customers expect electronic payment options that are fast, flexible and error-free. Transaction volumes increase every year.

Card processing has become part of doing business, and the options will inevitably become more complex over time.

How do you avoid those common card processing headaches? How can you spend more time on your business?

We'll reveal several tips that put you on the path to hassle-free processing. With the right processing solution, you'll save time, energy and money.

Credit card processing can – and should – fade from your list of pain points. When you reduce your credit card processing costs and hassles, you can focus on those other mundane tasks in your day (or hire others to complete them for you).

## 1. Make sure your credit card processor can explain all services and fees in plain language.

Every business occasionally has credit card processing questions—regardless of whether you're new to card processing, or you've accepted card transactions for years.

As you evaluate different card processors, here are several questions to consider:

### How can you reach your processor? Who answers your questions?

Make sure you understand:

- How issues are resolved
- How the processor will follow up with you
- How quickly you can expect resolution (according to the terms of your service level agreement)

These factors are especially important if you have a problem that requires multiple follow-up calls and extensive troubleshooting. If your question or request is routed to a customer service center that's in another time zone or continent, it may be more difficult to get consistent follow-through and timely responses.

### Can they answer your questions in a way that's understandable?

Like most industries, credit card processing is filled with jargon and acronyms. If AVS, MID, MOTO and TIDs are unfamiliar to you, ask the processors you're considering. If they respond with complicated explanations and more industry terms, they may not be the right fit for your business.

### Can you easily understand their statement?

Monthly statements can be a source of frustration, so don't hesitate to ask for a copy of a provider's statement before you enroll in their services. Gill (2007) summarized this common dilemma:

*Many processors tout low discount rates to lure new customers. Problem is, your bill can be so complicated that it's nearly impossible to figure out if you're paying that low rate—or a lot more, thanks to a host of surcharges and fees.*

Check to see whether the statement is organized well, if explanations are clear and understandable, and whether you have the information you need for reconciliation and tracking.



### Can they explain all transaction fees?

All credit card processors must assess certain industry and regulatory fees, while other types of fees (such as address verification fees) may vary by provider. Your processor should be able to clearly explain why the fee applies, whether you can avoid it, and how the fee is calculated. If a processor cannot answer your questions, keep looking.

Finally, consider the processor's reputation, longevity and size. Ask for customer references and contact them to ensure the processor is trustworthy and stable.

## 2. Make sure the processor offers flexible options for services and equipment.

Credit card terminals remain the industry's most common equipment. They are often paired with standard processing services and popular options. Although these choices work well for most organizations, they may not account for your specific business model, processes, preferences and needs. Similarly, terminals may not be the best choice for your business.

Consider the needs of a local medical center. Before this growing business partnered with InterceptEFT, staff members processed transactions by walking across the room to a terminal. The process was inefficient, time-consuming and unfriendly to customers.

InterceptEFT implemented computer-based processing, which eliminated the walk across the room. This new approach allowed team members to easily accept phone orders (MOTO) and walk-in orders (retail) without leaving their work station. Now, the center has expanded to offer e-commerce capabilities using the centralized payment portal. The business continues to experience rapid growth – and InterceptEFT's services were ready to keep pace.

As this example illustrates, look for a processor that can grow and evolve with your organization. One key area is mobile devices. With the rapid development in this area, payment processing will need to follow. Consider the exciting developments in recent months:

- Google's Android mobile operating system will enable users to make retail purchases with a smartphone (Ankeny).
- Future Android devices will feature chips that allow users to "bump" their phone against a retailer's point-of-sale technology to fund the purchase without cash or credit (Ankeny).
- Using RFID technology, major cellular providers including AT&T, Verizon and T-Mobile are partnering with credit card companies to develop similar wireless reader technology (Goldman).
- One study suggested that the number of bills paid with a mobile device will grow by 377% between 2010 and 2013 ("How Americans pay their bills").
- More than 108.6 million people worldwide used mobile payments in 2010, a 54.5 percent increase over 200 ("Gartner says number of worldwide mobile payment users to reach 108.6 million in 2010").
- Businesses such as heating/air conditioning repair companies and boutique clothing retailers use mobile credit card processing services instead of traditional terminals (Tiku).
- The American Red Cross raised more than \$32 million for Haiti relief efforts through its mobile giving program, where donors sent a "Haiti" text to 90999 ("Red Cross raises more than \$32 million via mobile giving program.").

The technology revolution will surely continue. Many processors already offer custom payment portals, flexible software integration and premium services. Make sure your processor listens to your current needs and can evolve with your business.



### **3. It pays to compare fees.**

It may be convenient to process transactions with a bank that services your other financial relationships. Many offer bundled services, you work with familiar faces, and it may simplify your organization's finances. However, those conveniences often have a cost. Although those product bundles may seem cost-effective, it pays to compare transaction fees and fine print.

All processors – including banks and other providers – must pay a similar transaction fee (known as interchange) to MasterCard and VISA. Certain regulatory fees are also required, regardless of the provider. Beyond interchange, fee structures and other costs may vary greatly. If rates seem excessively low, the processor may be recouping costs through other fees.

Gill (2007) suggested reviewing statements for billbacks (surcharges on certain transactions), actual markup, rates for different categories of transactions (qualified, mid-qualified and nonqualified), interchange fees for debit cards, and hidden costs such as AVS (address verification service) and per-transaction fees. A processor should be able to calculate your “true” transaction fees to help you consistently compare processors.

Beyond credit card transactions, you should also consider fees for gift cards, payroll cards and other payment options you're considering. Finally, ask about contract length and whether early termination fees apply.

Comparing fees can be a painstaking process, but it has a bottom-line benefit to your business. Look for a credit card processor that makes it easy.

### **4. Double-check the provider's transaction processing schedule and fee policies.**

Fee policies can have a major impact on your cash flow and accounting procedures. Most processors assess fees once a month as part of the statement cycle. When you analyze your daily performance, it means your revenue totals accurately reflect the day's sales. This approach greatly simplifies your bookkeeping and reconciliation.

However, some processors assess fees on a daily basis. Fees are continually withheld throughout the month, which complicates your sales forecasting, settlement and accounting – not to mention your cash flow. Many businesses fail to check these details until they receive the first statement from their processor, so research the policies of the processors you're considering.

As part of your review of the processor's policies, consider their standard float time and processing turnaround. For example, most providers settle Monday's transactions at midnight that day and post them on Wednesday. If the processor adds additional float time, or assesses fees for faster processing, consider how those procedures impact your bottom line and overall costs.

### **5. Thoroughly review the processor's customer service and support capabilities.**

We've all had frustrating customer support experiences filled with endless phone menus, frustrating hold times, unhelpful staff and spotty follow-up. If our problem cannot be immediately solved, and we must follow up again, we often cannot reach the original team member. Since the new team member may not be familiar with our issue, we're forced to tell our story again.



In the credit card processing world, these support issues can limit your ability to do business. Transactions may take longer, you may be forced to accept other forms of payment, and you may lose customer patience and trust.

As part of your due diligence for credit card processors, you'll want answers to the following customer service and support capabilities:

- What are my support options when I initially set up equipment and services?
- What is the policy on repairing or replacing faulty terminals and other equipment?
- What are the hours for live support?
- What are the support options after hours?
- What are the online support options? Are they detailed and thorough?
- What other support options are available? (manuals, live chat, text messaging, etc.)
- Can I directly contact a specific support team member?
- How are support issues logged, tracked and monitored?
- Who follows up with me with updates, and how often can I expect them?
- How experienced is the customer service staff?
- How long have management and team leads served in their current roles?

## Finding the Right Processor

It may not seem possible to find a credit card processor with an ideal combination of competitive rates, outstanding service and flexible options. But a few tips can help your search.

### Don't assume all processors are alike.

From banks to dedicated electronic payments companies, each processor offers slightly different products, specialties and service. Some are ideal for small businesses, while others have the capabilities to serve large organizations. Make sure your processor is the right fit for you, with opportunities to grow together.

### Don't be afraid to compare.

As consumers, we sometimes find significant cost savings when we compare multiple insurance providers, banks, retailers and other products or services. A similar process can reap rewards for your credit card processing. It's a big part of your business with costs that affect your bottom line, so give it the attention and due diligence it deserves.

### Don't be afraid to ask questions.

You should feel comfortable with credit card processor. In reality, the relationship shares the same importance as your suppliers, attorney, accountant, vendors and other business partners.

Given the significance of credit card processing, you need to feel confident in the services and team supporting your transactions. Get to know them, clarify details you don't understand, thoroughly review their services and fees, and share your feedback if you have issues.

The right credit card processing relationship should position you for long-term growth and success. Take time to find the right provider and simplify your credit card processing. Over time, credit card processing may even disappear from your list of ongoing hassles. With the right partner in place, you can stress less and focus on serving customers.



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