

retailer's guide

FOR INDEPENDENT RETAILERS AND STORE MANAGERS

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SELECTING A PAYMENT PROCESSOR: MAKING THE RIGHT CHOICE FOR YOUR ORGANIZATION

SPECIAL FROM CHASE PAYMENTECH



If you're considering credit and debit card processing for your business, chances are you've seen some low advertised rates or promotions. Or, if you already accept credit cards, you might be looking at the fine print on your statement and wondering if you're getting the best pricing, technology and services with your merchant account.

While low rates may look appealing, there's often much more to it than meets the eye: have you looked closely at the fine print on your statement? Monthly statements may be so complex that few business owners actually take the time to read and understand them. Or when they do, they may find hidden fees and discover they are simply paying too much for their payment processing.

Price, however, is only one of a number of factors to consider when choosing a payment processor for your business. Selecting a processor that doesn't meet the current and emerging needs of your business may cost you dearly. This *Retailer's Guide* outlines some of the key things to consider when opening a new merchant account or switching your credit card payment processing.



UNDERSTANDING YOUR FEES AND RATES: HOW MUCH SHOULD MY PAYMENT PROCESSING COST?

Do you know what you are really paying? Your effective credit card rate is typically a combination of three things:

- Interchange fees paid by the payment processor to the issuing bank through the payment brands like Visa and MasterCard
- Assessment fees paid by the payment processor to the payment brands
- Charges paid to your payment processor

Merchants will benefit from taking the time to carefully examine their statement and fully understand what exactly they are being charged for. Chances are your “true” rate may be quite a bit higher than you thought, which means that a “great low rate” may not be such a good deal after all.

When reviewing your statement, you are apt to notice a number of fees including interchange fees that form part of the card processing process. It's important to take the time to fully understand the different fees, particularly which ones are established by the payment brands, and which ones are not.

Work with your processor to determine ways to streamline your fees by eliminating costs from depositing credit card transactions to your bank account and/or to avoid duplication of fees by processing different cards with different processors.

WHAT ARE INTERCHANGE FEES?

Interchange is a common fee that is charged for the processing of a transaction and is paid by the payment processor to the issuing bank through the payment brands. This fee covers the cost to issuing banks for offering lines of credit and fraud mitigation.

The payment brands – such as Visa and MasterCard - determine interchange fees. The rate that you pay for a transaction varies depending on several factors:

- Type of card (debit, credit, rewards card)
- Type of transaction (the card is present, a phone order, an online order)
- Your average transaction volume

The fee is also tied to the level of risk for that transaction; the lower the risk, the lower the rate will be. For example, a transaction conducted in a card-present environment, such as in a store, is a lower risk and fee than in a card-not-present environment, such as on a website.

In addition to interchange fees, the payment brands may charge an assessment fee, which covers the costs of managing their network.

SAVING ON PAYMENT PROCESSING AND ELIMINATING HIDDEN COSTS

When selecting a payment provider, organizations will benefit from possessing a strong understanding of what exactly they are paying for and partner with an organization where the pricing is customized to meet their organization's needs. A service provider should offer consistent and easy to understand pricing.

If you aren't sure about payment processing fees, ask your payment processor (or the one you are considering) to review your statement and provide a free assessment on what you need to pay, and how you can be saving money. You should feel comfortable with what you are committing to paying each month, and be confident that your payment processor has your organization's best interests in mind.

MOVING BEYOND PRICE: WHAT OTHER FACTORS SHOULD I CONSIDER?

Price is definitely a key factor when it comes to payment processing, but it should not be the only factor that merchants consider. Beyond price, there are a number of key areas that should be considered to ensure the payment processor is able to meet your organization's current and future needs.

Technology

Technology is rapidly developing within the payment processing industry, and your selected partner should be able to offer you technology that is quick to deploy and easy for you and your employees to use on an ongoing basis. Technology should be secure and innovative to help you process payments, including point

of sale solutions, e-commerce capabilities and gift card programs. Also, ensure your payment processor is able to support emerging payment methods such as contactless payments and mobile point of sale.

Reporting

Merchants should also be looking for a payment processor that delivers to them robust, easy to use reporting tools that provide visibility into cash flow and other key business indicators. Reports should deliver real-time access to all of your payment processing data including pre-settled batch and transaction detail, settled transaction detail, funding information, and retrieval and chargeback information. Fast and flexible real-time reports enable merchants to get a broad overview of authorizations and then use these insights to make better business decisions.

PCI 101

You've worked hard to build your business — so it's important to make sure you secure your success by protecting your customer payment card data. Fraud is on the rise, and it's becoming more complex. Your customers depend on you to keep their information safe through compliance with industry standards such as Payment Card Industry-Data Security Standards (PCI-DSS).

PCI DSS provides merchants with a single set of requirements for safeguarding sensitive data. These standards have been adopted by all the card brands in conjunction with the PCI-DSS. The standards require that all merchants (regardless of their size or type of payment system) that store, process, transmit or have access to cardholder data must be in compliance to protect that data. Payment processors will require that organizations demonstrate compliance with PCI-DSS and may require documentation such as:

- Report on Compliance (ROC)
- Self Assessment Questionnaire (SAQ) and Attestation of Compliance
- "Clean" security vulnerability scan by an Approved Scanning Vendor (ASV)
- Use of a Payment Application Data Security Standard (PA DSS) compliant payment application

If you are just getting started with processing credit and debit cards, your payment processor should be able to help you ensure you are compliant and recommend a partner data security firm that can walk you through the compliance process. Additionally, they can help you ensure ongoing compliance with quarterly network scans to ensure payment data is sealed off from individuals with malicious intent.

Service and Support

Working with any payment processor should be a partnership where there is an intimate understanding of your business needs both now and in the future. You need to ensure the payment processing partner you are with is invested in your ongoing success. They should be able to offer quick service when issues may arise

such as replacement of POS systems as well as business planning for new services so you are ready to meet customer needs. Additionally, for questions and concerns, do you have 24/7, bilingual customer support available to help you? These areas should all be carefully considered, and don't be afraid to ask any payment processor these questions. Merchants should have peace of mind that if issues arise they can be dealt with swiftly.

DETERMINING THE RIGHT FIT: A CHECKLIST FOR MERCHANTS

Choosing a payment processor, or making the switch to a new one, requires careful consideration. First and foremost, choose a payment provider who takes the time to talk to you about your specific needs — a description of your business, how you fulfill your orders and so on — and then determines your best pricing options. If you're already processing credit and debit cards, and are considering switching, ask your potential provider to look at your current statements and rates to determine where they can deliver better value.

Here's a checklist of items to consider before making your final decision:

#1. Ensure the company is experienced and financially stable.

Check their background — how long have they been in the processing business? When opening a merchant account or switching your payment processor, choose a company you can count on. Look for a partner with a long track record in your industry and strong ties with your industry association.

#2. Do they fully disclose all fees and charges?

Before you sign up, understand all the fees associated with your account. What will your total, true cost of accepting credit cards be? A 'fixed rate' may include many hidden charges and fees. There are more than 200 interchange categories that could impact you as well as a broad range of surcharges—which means you need to understand more than just your qualified rate to understand what you're actually paying.

#3. Are their systems secure and compliant with industry rules and regulations?

Cardholder data security is an important responsibility for all merchants. Do you know all the steps to be compliant? To accept payments, your business must follow card brand rules and regulations. Ask your payment provider to help you become and stay compliant with regulations such as PCI DSS.

#4. Does your payment provider provide a single point of contact for all your payment needs?

Who is the best person to call if you have questions? Are they knowledgeable and courteous? Can you reach them 24/7? Are they bilingual?

#5. Do they provide merchant account statements that you can understand?

Before opening or switching your merchant account, make sure you'll get a clear statement. Merchant statements may be difficult for merchants to understand. As a result, many do not have a clear grasp of their actual "cost of acceptance".

NEXT STEPS: RCC AND CHASE PAYMENTTECH

To help its members access preferred credit and debit card processing rates, emerging products and industry expertise, RCC has partnered with Chase Paymentech, a leading merchant acquirer and payment processor. Chase Paymentech has been the exclusive partner of RCC for nearly a decade and understands the specific requirements of retailers from large companies to independent storefronts and is focused on helping retailers drive business and reduce payment processing costs. RCC members that rely on Chase Paymentech receive preferred and exclusive Interac, Visa and MasterCard rates, retail industry expertise and secure technology to process payments. 

For more information and a free cost analysis, contact Chase Paymentech at 888.317.9516, or via email at RCC@chasepaymenttech.ca. You can also visit its website at www.chasepaymenttech.ca.