

Why Your Credit Card Processing Costs are Too High

by Leo Townsend

I've been in the credit card processing industry for 15 years and I've probably talked to over 20,000 merchants. Maybe 5% actually understood how credit card processing works. The biggest single reason why merchants are overcharged on their credit card processing is lack of knowledge. My competition throws numbers at you but never explains the math. This is why the industry average mark up is \$75 per \$10,000. International Payment Solutions' mark up is \$15 per \$10,000.

Everyone in credit card processing has the same cost. It's called Interchange, Dues & Assessments. It's roughly nine pages of single line type. Each type of credit card has been assigned a percentage and a per transaction fee. Every time you use this card the bank that gave it to you gets back this percentage and transaction fee. Visa™/MasterCard™'s part of this equation is roughly \$11 per \$10,000 and 2 cents per transaction. The problem is that salesmen will quote you only one rate and you go chasing the lowest number. For instance, a large warehouse chain quotes you 1.49% and 20¢ while neglecting to mention that you will be charged 2.2% for your reward cards. We have found that rewards cards are over 60% of all credit cards and the rate you care about the most. This is the shell game that many salesmen play on unsuspecting merchants. This is why you only want interchange plus pricing with a detailed statement.

Over the years I've talked with numerous dental associations and most are trapped in contracts where they know their members are being overcharged but they cannot afford to lose the revenue generated by these referral accounts.

I have had many doctors and office managers call me to analyze their credit card processing costs. Typically we show them that their "buddy" is overcharging them by 30% or more and that they are now trapped by termination fees. International Payment Solutions has found that over 90% of processors now charge some form of termination fee. Most times it is better to pay the fee and recoup it through the new savings offered by IPS. Would you pay \$500 to save \$3000? Do not do business with any company that charges termination fees. This gives them the license to raise your rates and there is nothing you can do. You can read more

about termination fees, and the steps to take to determine your current status, by visiting our web site at www.inter-pay.com and reviewing the Articles tab. Understand, the higher the cost to terminate your account indicates that you are being severely overcharged. International Payment Solutions was able to show a dentist a savings of over \$650 per month but they could not switch as their processor was going to charge them \$10,000 to cancel the account.

Some of the monthly fees (PCI Compliance and IRS/Regulatory fees) are nothing more than profit centers to enhance profitability. The new trend is non-disclosed statements. These are statements where no rates are shown... just fees. This is especially true of the companies that advertise their special healthcare programs and one rate structures.

Give me 15 minutes of your time, along with a copy of your current processing statement, and I can show you how the math works. Don't delegate this to someone who may not want to let you know how bad a deal they negotiated for your business. Work with me to determine your termination status as soon as possible so I can show you how to get out of your contract with little to no fees. Maybe with this effort I can earn your business.

You may contact Leo Townsend, president of International Payment Solutions at 888-474-8431. You can fax a current statement to 331-248-0760 for a free, no obligation analysis of your costs.

