



# How to Save on Credit Card Processing

By Jocelyn Wood, RCB Bank

*Ever wonder if you're paying too much for credit card processing? Follow this guide to discover if you can reduce your costs.*

## 1. Gather Knowledge

To know if you're getting the best deal from your merchant service provider (MSP), you first need a basic understanding of credit card processing and fees, according to **Eddie Curran, RCB Bank vice president of business services.**

Fees vary among companies, based on a wide range of variables.

"Familiarize yourself with the interchange rate," Curran says. "This is the fee credit card companies charge MSPs to process their cards. This isn't a flat rate fee but a range."

Multitudes of factors affect it. For example, is the card a debit or credit? How is the card information entered, swiped, inserted or keyed? Is it a consumer or commercial card? Are there rewards like miles or points?

"These variables impact the interchange fee per card transaction," Curran says.

MSPs decide how they charge for interchange fees and other costs for credit card processing.

A popular payment method is a flat rate. You pay the same price per transaction plus additional costs.

Another option is a cost-plus, or interchange-plus-pricing rate. You pay the actual interchange rate per transaction plus additional costs. This fee option adjusts per transaction.

"While a flat rate may sound convenient, you may get better transaction pricing with a cost-plus program," Curran notes.

## 2. Compare Pricing

Processing fees and services are not the same across the industry.

Compare pricing to make certain you are getting the best deal. Request an itemized list of all fees and services. Then, ask questions. When are fees taken out? How are they calculated? What assistance is provided in the event of a chargeback? What happens if there is a problem with the equipment? Am I buying or leasing equipment? When will I get my funds? What are the terms? What support is available and when?

"In any discussion, answers to questions should be very clear," Curran advises.

"If you feel you're getting the run around or you don't understand completely, step away and seek help before you make any decision. Not paying attention to details may get you locked into a long-term contract that may end up costing you lots of money in the long run."

## 3. Choose Wisely

Don't be afraid to ask questions. Get a second opinion. Understand the terms of the deal completely, and have it spelled out clearly in writing.

"Take time before you sign," says Curran. "Make sure the service provider is working to secure a deal that works best for you and allows you to process cards in the manner you need."

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