



HARVARD

Office of the Vice Provost for Advances in Learning



MODULE 1 UNIT 1

Interactive Infographic Transcript

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The card payment process

Jenny, living in Sacramento, uses a credit card to purchase a set of luxury, cruelty-free soaps and shampoos for her friends during the festive season from Optimae Cosmentics, a small business based in San Francisco. Jenny spends \$100 and pays directly on the Optimae Cosmetics website

Optimae Cosmetics' owner, Silvia, submits the \$100 payment with receipts to their bank (also known as the acquiring bank) for approval.

Optimae Cosmetic's bank requests approval through the card association network. The card association network then approves or declines the transaction based on the balance of the account and Jenny's creditworthiness.

Jenny's bank charges a fee of 1.6% (in this case \$1.60) and a fixed fee of \$0.10 per transaction and transfers the balance of the money to Optimae's bank.

Optimae's bank takes a \$0.40 acquiring fee and a fixed \$0.10 assessment fee and deposits \$97.80 into the merchant's account. In this case, the company has lose \$2.20 in this transaction.

Jenny receives her account statement and pays the amount immediately to ensure she incurs no interest.

