

DURBIN DOLLARS

How will your business spend yours? More importantly, what does this mean to your business?



The Durbin Amendment has been making news headlines since its adoption and passing in conjunction with the Dodd-Frank Wall Street Reform Act. Last week, the Federal Reserve Board (the Fed) announced debit card processing caps and network exclusivity rules that will go into effect October 1, 2011. Currently, the rules do not differentiate between signature and PIN debit. This means that check cards, whether used as a Visa/MasterCard signature transaction or a PIN transaction, are subject to the same regulations.

Interchange will be capped at 0.05% and \$0.21 per transaction. Also, it has been indicated that issuers who are compliant with the Fed's fraud prevention standards may be allowed up to an additional \$0.01 per transaction, provided the Fed issues an additional rule. No word has come yet from debit card issuers or the networks advising how they plan to implement these changes, but we will keep you informed as new information becomes available.

Even though the Interchange Regulation has been passed; a lot of merchants will not see any savings at all. If you are processing with a provider that has you on an old pricing structure, then you will not see any difference. In this type of scenario the processor will see an increase in revenue for all Debit card transactions. Below is an example of how we will be able to help!!!

Transaction size	Their Pricing* (using a standard tiered rate of 1.59% and \$0.20 per transaction)	Priority Pricing (interchange pass through pricing)	Savings per transaction
\$25.00	\$0.60	\$0.45	\$0.15
\$30.00	\$0.68	\$0.47	\$0.21
\$50.00	\$1.00	\$0.54	\$0.46
\$100.00	\$1.79	\$0.71	\$1.08
\$250.00	\$4.18	\$1.24	\$2.94
\$500.00	\$8.15	\$2.11	\$6.04
\$1,000.00	\$16.10	\$3.86	\$12.24

* The following processors use this type of pricing: Worldpay, Sage, Heartland, Wells Fargo, IBC, Intuit, Innovative and many more.

If you have any questions regarding the Fed's decisions, please call us at 866-648-6449

www.ppssouth.com