

5 Tips For Saving Money on Credit Card Processing

By Michael Saum

There never seems to be a shortage of merchant services, or credit card processing, reps that are coming through your door promising to save you some money. It's quite easy for the skilled (and shall we say, less than ethical) credit card rep to manipulate the numbers and present, what appears to be, a "better deal". So, what can you do to know for sure how to really save money on your fees?

There's a lot that goes into the pricing of a merchant services agreement. Your rates typically depend on the kind of business you have, your average monthly volume, average ticket and how you transact business. What I want to present to you here is 5 Tips that you can do right now, maybe without even considering changing processors, to save on your bottom line. So, without further rambling, here's some ideas for you:

1. **GET EDUCATED:** Now, I'm not insinuating that you aren't an educated person by any stretch of the imagination. You wouldn't likely have tackled the monumental task of being in business for yourself if you weren't intelligent. But, let's face it, there are so many aspects of running a business, that you can't possibly be an expert in all areas. Credit card processing is one of those cost centers that are necessary if you want to appeal to the masses with your goods and services. In my years of experience in the field, I've seen relatively few merchants that truly understand how this industry works. So, simply, all I'm saying here is you need to dedicate some of your time to find out more so you will become more comfortable with what you are paying and why. The websites for both Visa and MasterCard offer a wealth of knowledge that would be very helpful in your educational process. In addition, you could just head on over to my website and see what you can pick up there. You'll find that it's NOT A SITE SOLICITING YOUR PROCESSING BUSINESS. The knowledge you gain from any of these sites will be time well spent.
2. **ASK QUESTIONS:** This is one of the simplest things that you can do for yourself. Take a look at your statement, thoroughly. and then, get on the phone with your rep (that is if you're able to even find him/her) and have them explain every single charge. I've seen merchants that are paying monthly for some sort of supplies program that they never use. They've been buying from the local office supplies store and have needlessly been paying these fees. Many processors now charge a monthly fee for sending you a paper statement when you could access them on-line for free. I know you've got a computer because, otherwise, you wouldn't be reading this article. If you're comfortable with downloading, or at least viewing them monthly, on the internet, opt out of the paper fee. You might also check your Discover and AMEX statements too as they both charge for a paper statement and with them too, you can eliminate that fee by getting them on-line.
3. **GET A RATE REVIEW:** If you were fortunate enough to get in touch with your rep and get their "spin" on all the charges on your statement, you still want to check them out. Keep in mind that most reps are paid monthly residuals based on all the profits generated from your account. If you're paying a statement fee, annual fee, membership fee or any other miscellaneous fees, they may tell you something like "everybody charges those"....don't buy it. They're earning a couple bucks on them monthly and will likely be reluctant to have them removed. So, call the companies Customer Care center and tell them you want a full Rate Review. While you have them on the phone, verify all that the rep told you and make sure you keep good notes for your conversation.
4. **SHOP YOUR RATES:** Look, there's no shortage of credit card processing reps out there. Heck, you're probably getting several stopping in or calling you weekly. Take one or two of them up on their offer to give you a quote, especially if you've been with the same provider for some time. BUT, only do this after you have taken the time to more

thoroughly educate yourself so you will be better able to determine a real offer and a less than realistic offer.

5. CAPTURE MORE PINNED BASED DEBITS: This can add up to immediate savings for you, if you already have a pin pad. Most merchants, and their employees, when presented with plastic to pay for a purchase, ask "credit or debit?". The majority of customers, when given the choice, will simply chose credit because it's less hassle to sign than it is to remember and key in that massive four digit pin number that takes all but a nano second to do. But to you, the merchant, the cost difference can add up quickly. A \$50 sale rung up as a credit card will typically cost you, let's say \$1.10. That same card, run as a swiped debit card would run about \$.67 (that is is you're set up properly to capitalize on this structure). And, last, but not least, that same transaction run as a pinned debit card, could cost you in the neighborhood of \$.50 or so. If you have a pin pad, do this: look at the customers card when they hand it to you. If it is a debit card, it will say "debit", "check card" or "money card" on it. Once you are sure that it is a debit card, say to the customer, "I'm going to need you to enter your pin number here in a second", pause briefly (for any objections) and then process accordingly. Many of my merchants have even gone to the extent of telling their customers, when and if they raise objections, of the cost differences and then, the customers are happy to oblige.

Well, that's it for now. I hope that these tips will be of some help to you. As always, I thank you for taking the time to read and wish you great business success in 2010 and beyond.

My name is Michael Saum and I'm a 61 year old semi-retired, very successful, merchant services rep. This industry is good to me and my family over the years. Now, in my current capacity, it's time for me to give back to the business community by providing informative, profit generating, articles and offering my comprehensive eBook on the topic of credit card processing. In my articles, enlightening and helpful. My eBook entitled "Understanding Credit Card Processing", which is available at <http://www.creditcardprocessingknowledge.com>, will be an invaluable resource for any business owner that accepts payment of goods and services. You won't find the information it contains, being provided by companies or reps that run this business...for obvious reasons. Take the time to expand your knowledge regarding this cost center in your business and your bottom-line at the same time.

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