



# Credit Card Processing- What the Fee's Am I Paying?

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*Are These Fee's Correct?*

The problem with finding companies that charge very low fees is that most of the time, they don't exist. Ok, I shouldn't say don't, but its really hard to find a legit company that cares about saving the small business money.

## **Credit Card Processing | What The -Fee's- am I Paying?**

Paying close attention to your credit card processing expenses is a must, but sometimes even the most conscientious merchants miss some not-so-obvious costs. This article covers three common processing expenses that you may be paying without even realizing it.

Over the course of me having my various businesses, I used about seven different merchant processing companies, and all of them except one, was charging me fees on the backend that I wasn't aware of. Lets get into a little more of some of the [credit card processing](#) fees that I am talking about.

### **Processing fees aren't returned when you refund a credit card purchase.**

When you charge a customer's credit card, you pay a discount rate and transaction fee to your merchant account provider to process the transaction. When you refund a credit card purchase, your provider does not return those fees. Depending on the type of business that you have, lost merchant account fees from credit card refunds can be substantial and you may not have considered it.

Let's use a hypothetical retail store as an example. If our make-believe store has card-present merchant account rates of 1.7%, a transaction fee of \$0.25, an average ticket of \$50 and an average of ten credit card refunds per month they'll lose \$11 every month in processing fees dues to refunds. That's also assuming that all of those transactions ran at a qualified rate. Common mid and non-qualified surcharges would make the loss even greater.

If you haven't considered how losses due to credit card refunds are affecting your business, sit down and crunch the numbers as soon as possible. You may be surprised at the results.

### **You're paying mid and non-qualified surcharges.**

When credit card transactions downgrade a mid or non-qualified surcharge is added to the regular qualified discount rate. Many processors express surcharges as a separate fee on their merchant processing statements and they charge them at different times of the month. Qualified charges are commonly deducted from credit card transactions throughout the month and surcharges are assessed in a lump sum at the end of the month.

The lump sum amount that's deducted for surcharges is expressed as a single large fee on the merchant processing statement. This leaves many merchants thinking that their total

processing charges are represented by the surcharge amount that they see on their statement when in fact this is only a portion of total charges.

In order to realize you're total credit card processing expenses, you have to add the fee charged at the end of the month for downgrades and surcharges to the qualified discount charges that are deducted throughout the month.

It's tough to generically explain how to read merchant account statements because each processor and provider has a different layout and charge structure. If you're having trouble reading your merchant processing statement, it's best to call your merchant account provider for assistance.

### ***You're being surcharged for a monthly minimum.***

Merchant accounts often have a confusing charge called a monthly minimum fee. The monthly minimum dictates the amount of fees that a processor must collect from a merchant in a monthly period. For example, if a merchant account has a monthly minimum of \$25 and the merchant's processing fees for a given month are only \$15, a surcharge of \$10 will be assessed to bring total charges up to the \$25 monthly minimum amount.

If your business has a slow or seasonal downtime, you may be paying a monthly minimum surcharge without realizing it. Check your merchant processing statement and the schedule of fees for a monthly minimum fee. If you do have a minimum that's affecting your charges, call your provider to see if the fee can be lowered or even waived.

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