



“The Real Deal” on Payment Processing

Regardless of which companies you interview as prospective merchant processor for your payments, be sure to ask the following questions:

1. Find out the total Setup Costs involved. Confirm *specifically* what the grand total upfront costs will be, including any initial costs that you will incur during the first few months of processing.

2. Find out the total Monthly Costs that apply. In particular, you will want to ask about any **“monthly minimums”** that might apply. This can often add \$20-25/month in *additional* cost. Be sure to ask “if I processed \$0 in sales, what would my grand total monthly billing amount be?”

3. Find out if there is any Annual Fee or Annual Cost. Some processors charge an annual fee after just the first 1-2 months of service. Others charge fees as high as \$95-\$150/year and place this in the fine print of the contract.

4. Find out the Per Transaction Costs in Detail. You will want to make sure that you understand the “Per Trans/Item” costs as well as any AVS, batch header or gateway per transaction items.

6. Ask what “Downgrade Fees” apply. It is not uncommon for some accounts to have 3 Tiers – Qualified, Mid-Qualified and Non-Qualified. Unfortunately, there are often **many** transactions billed out at the Mid-Qualified level which can significantly impact your total cost. A 2 Tier program is thus preferable but be sure to ask what % of transactions are billed at each level statistically.

7. Ask how Chargebacks & Risk Management issues are handled. This is a **critical** operational area that effects many merchants and any company should be able to tell you in great detail how it handles these kinds of issues. For instance, do they automatically notify you via e-mail? Or merely mail out rebuttals in U.S. mail which can delay your ability to return a rebuttal?

8. Do your Due Diligence and see what other merchants have experienced using that processor. Remember, the best predictor of future results is a processor’s current track record with the majority of its merchants!

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