



BREAKING IT DOWN

Fees in Credit Card Processing: Who Gets What?

Imagine if the U.S. Treasury charged you a fee for accepting *cash* from your customers. That would be absurd, right?

It would be. But as you already know, accepting credit cards (and other forms of electronic payments) is a different story. And while the fees associated with credit card acceptance may seem like a bother, there are numerous merchant benefits in those fees:

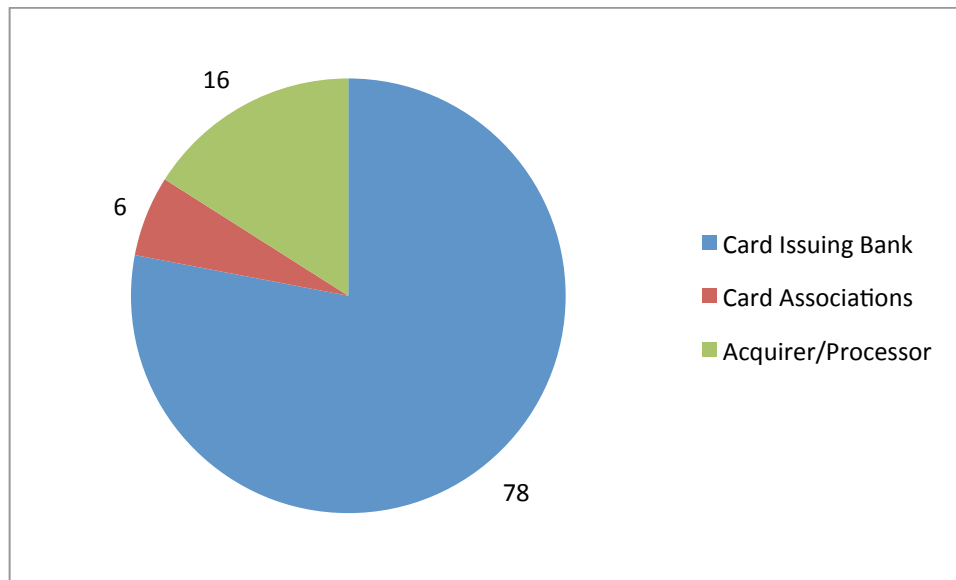
- **Customers and Profit:** consumers are using more credit and less cash. In fact, the \$4.4 trillion charged to Visa and MasterCard alone last year would pay off a quarter of the U.S. National Debt! You also get guaranteed payment and avoid cash and check handling costs.
- **Efficiency:** in the credit world, deposits are faster, customer checkout is faster, and accounting reports are more quickly generated.
- **Sales Channels:** credit opens up revenue streams where cash won't work – your website, phone orders and mobile devices, to name a few.
- **Less Risk:** credit cards don't "bounce" like checks can, and fraud monitoring is inherent in your credit card processing program.
- **Usable Information:** a good POS system can give you great customer analytics, which you can use to target offers to customers and develop loyalty programs to encourage repeat business.

Of course, none of that will get you too excited about fees. But it's a good reminder of why they exist at all.

Have you ever wondered who gets those fees?

Generally speaking, fees get divided among three parties: 1) the card-issuing bank, which is guaranteeing payment to you; 2) the Card Associations, otherwise known as payment brands (Visa, MasterCard, Discover); and 3) the acquirer and processor (Wind River).

At Wind River Financial, the average breakdown of fees is illustrated as follows:



So the total fees paid – about 85% -- go to organizations with whom you have no affiliation and no negotiating power. Where merchants do have some leverage is with the remaining 15%, and for that, you should demand a high level of service, a competitive rate, and a reputable company.

At Wind River Financial, that comparatively small fee buys a level of merchant service seen nowhere else in the credit card processing industry.

In fact, a recent research study asked 225 Wisconsin merchants to score their processor on 19 different aspects of customer service. Wind River Financial received the highest scores – not just on some of these service performance measures, but *all 19 of them*.

Ask us for more details about the December 2012 study.

Wind River Financial practices complete rate transparency and takes the time to explain any applicable fees, who collects them, and what the merchant gets in return for them. For more information, ask us for copies of related items in the Merchant Education Series: *How to Choose a Processing Partner* and *Common Marketing Schemes in Credit Card Processing Offers*.