



## **CHOOSING WISELY:**

### *5 Tips for Selecting Your Credit Card Processing Partner*

We know what you're thinking.

*A credit card processing company offering me advice on how to choose a credit card processing company? Isn't that like the fox guarding the hen house? Stacking the deck? Grading your own homework...?*

Okay, okay. Yes, there are probably dozens of clichés and analogies available here, but if you've ever been burned by hidden fees or poor service or inescapable contracts, you'll know that what we're about to share with you is true. *And yes, we share them because we know Wind River Financial will come out on top.*

Seriously, no merchant should be expected to know all these things intuitively. That's not really your job. But you do have to ask the right questions in order to protect your business.

**Here are 5 questions you should ask of any processor competing for your business.** Use this as your own personal score sheet. Use the scoring system to evaluate candidates on a 5-25 point scale. Generally, anything below 15 points should be regarded as suspect. Simply circle the point value next to the statement that best reflects the processor's proposal, then add 'em up!

#### **Question 1: Am I being offered a *rate sheet* or an *actual processing program*?**

A schedule of fees does not make a processing program. You should seek a complete solution set that gives consideration to all aspects of your payment acceptance and processing program – hardware, software, multi-channel payment acceptance as appropriate for your business (e-commerce, in person, by phone, by mail, in the field), staff training that includes actionable tips for getting the best rates, an assigned service team, regular program reviews, modern technology – all the components of your processing environment.

Of course, that doesn't mean you shouldn't pay very close attention to rates. You should insist on seeing every rate, fee, and mark-up that applies to you. Of course, that means reading all the fine print on the merchant contract. As always, Wind River is happy to help decipher the details for you.

**This solution accounts for every component of my processing environment = 5 points**

**It seems like everything is covered, but there are no new ideas here = 4 points**

**I don't know if this solution takes everything into consideration = 3 points**

**Does a card swipe terminal count as a processing program? = 2 points**

**I'm not seeing anything but rates (and I don't even know if I'm seeing *all* of the rates!) = 1 point**

## Question 2: Does the pricing structure allow you to see what you're paying, and to whom?

The two most common pricing structures in credit card processing are *bundled pricing* and *cost-plus pricing*.

Bundled pricing lumps all of your fees together – those you are paying to the credit card companies, those you're paying to issuing banks (interchange), those you are paying the processing company, and so on. Most merchants (especially those who appreciate good accounting) are suspicious of bundled pricing, because fees and mark-ups are (quite purposely) hidden from view. Bundled pricing also makes it easy to disguise savings that should be passed onto you, such as those related to the Durbin amendment.

Cost-plus pricing separates all those fees, so you can see who's getting what and better manage the costs of your program. The processor passes through all interchange rates and payment card charges, then charges you its own "assessment fee" for managing your program. Because that's the only fee that's actually controlled by the processor, you can compare apples to apples in cost-plus proposals.

Every fee has been disclosed and explained in great detail = 5 points

I can see all the fees but I don't really understand them = 4 points

I don't know if everything has been disclosed = 3 points

All my fees are lumped together and interchange is marked up on certain cards = 2 points

I'm seeing an "introductory" rate but don't know what happens after that = 1 point

## Question 3: How much freedom do you have to end the relationship?

Credit card processors love to count their money in advance, which is why most require you to sign a multi-year contract. Other processors (those who are a bit more confident about your satisfaction, like Wind River) are happy to offer "at-will" agreements that give you the freedom to move if you're unhappy about something. A word of caution here: some processors will pepper their agreements with burdensome cancellation fees, so as painful as it may be, be sure you ask for the contract *and read it* before signing on the dotted line.

This is an at-will agreement with little or no termination fees = 5 points

It's not a contract, but there is a termination clause with dollar signs in it = 4 points

I don't know if I'm stuck in the relationship or not = 3 points

I'm being asked to sign a multi-year agreement = 2 points

I'm being asked to sign a multi-year agreement and it'll cost me a fortune to get out of it = 1 point

## Question 4: What happens "After the Handshake"?

Yes, that's our slogan. But it's also what Wind River merchants like best about working with us.

At some point, you *will* need customer service. But your processing partner shouldn't just sit around and wait for you to call with a question or a problem. They should be working behind the scenes to make sure your program is optimized at every level. That means having a Relationship Manager that's keeping watch over your qualification rates and notifying you if there's a way to improve them. It means someone is helping you track hardware and software updates. It means you have access to experts to help train your staff on maintaining the optimal processing environment. It means regular program reviews that encourage dialogue and innovation. Isn't that better than a toll-free call center where you get a different person every time you call?

- I have a dedicated point of contact for service, and I can reach him/her easily = 5 points
- I get a Relationship Manager, but I don't know the name or the face = 4 points
- I don't know what kind of customer service to expect = 3 points
- I have a sticker with a toll-free number on my terminal, but that's it = 2 points
- I don't have the foggiest idea who I would call if something went wrong = 1 point

**Question 5: Is there a plan to keep your credit card data safe and secure?**

Every day, hackers are becoming more sophisticated, putting your customers' private information – and your company's reputation – at risk. Credit card processing companies share whatever risk exists in your data security, so they should be anxious to help you keep that information safe.

Ask your processing candidates if you'll have access to in-house PCI-DSS experts (that's *Payment Card Industry Data Security Standards*), and whether they'll provide the tools, guidance and support to secure your customer data and protect you from breach and massive fines.

- The PCI program appears straightforward, and there's an expert to call if I need help = 5 points
- There's a program, but questions are answered by a third party = 4 points
- I don't know what part of PCI even applies to me = 3 points
- Data security doesn't seem to be a high priority in this proposal = 2 points
- This processor has never even mentioned PCI to me = 1 point

What score did you come up with? \_\_\_\_\_ It won't surprise you to learn that Wind River works hard to get to 25.

Congratulations – you are now among the smartest group of processing program buyers, and simply by asking these questions, every processing company will know it!

**Wind River Financial is a full-service processing partner that believes if merchants are successful, we'll be successful. So being proactive "After the Handshake" is more than a promise. It's our passion.**

**If tests and scoring systems aren't your cup of tea, call your Wind River representative and we'll help evaluate competitive offers, clearly and objectively. We do it all the time!**

**To become even smarter, ask us for copies of related items in the Merchant Education Series: *How Credit Card Fees are Comprised*, and *Common Marketing Schemes in Credit Card Processing Offers*.**