NormAndy Group Purchasing Organization (GPO)

Why overpay? Let us help you save!

Merchant Processing

AMG PAYMENT SOLUTIONS
The Future of Merchant Processing

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Credit Card Processing

As you well know, the fee's you pay to process credit card transactions represents a large portion of your monthly overhead. At AMG Payment Solutions (AMG), our goal is to provide our clients with all the information you need to make the right choice when it comes to deciding on a merchant services provider. In line with that goal, we would like to share with you some basic information that most of our competitors are not willing to share because the more you know, the easier it will be for you the merchant to negotiate down your processing fees.

How does credit card processing work?

You may receive credit card payments from customers from a variety of sources. You may swipe their credit card through your credit card terminal, you may key in the credit card information you received over the phone or in the mail, or you may even receive the information from your web site. They all follow the same process. Once the card information is entered in, it sends out a request to the bank that issued the card. The issuing bank will verify that the account is in good standing and that the funds are available. They will then send a response with either an approval or a decline. If the transaction is approved, the issuing bank will put the funds on hold for you and the terminal captures the authorization code and prints a receipt. At the end of the day, you close out your batch. If you have a modern terminal, it will more than likely automatically do this process for you. What happens next is the terminal (or you) uploads all the transactions that were captured for the day to the processing company (First Data for example). The processing company sends a request for the funds that are on hold for you to each issuing bank. The issuing bank electronically deposits the funds into the processing company's bank account. The processing company then deposits into your bank account the funds for all your transactions minus their fees. The issuing bank now bills the card holder either on their monthly statement or a deduction from their bank account in the case of a debit card.

What are the different types of cards out there?

There are roughly nine different card brands in the market today. The cards that you see regularly are Visa™, MasterCard®, American Express® and Discover®. Each card brand has different types of cards out in the market. There are basic credit cards, check cards, rewards cards and business cards. Each card type has a different rate structure that the processing company will charge which will affect your bottom line. Did you know that a check card should be cheaper to accept than a credit card? Did you know that you are helping to pay for the cardholders reward points when you accept their rewards card? To tell the difference in the card type you basically just have to look at the card. A check card should have either debit or check card printed on the front of the card. This type of card takes funds directly out the cardholder's bank account. A rewards card will usually have a business name on it like US Airlines, Amazon etc. This type of card gives the cardholder either cash back or points to be redeemed for trips or rewards. Rewards cards are the fastest growing card type. Soon all cards issued in the US will be a rewards card. The business card is the hardest one to identify. A lot of the times the business name will be on the card, but you can always tell it is a business card when the credit card terminal prompts you for the tax amount. That is if your terminal is set up correctly.

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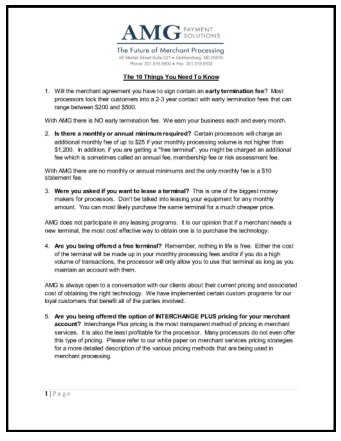
ABC's of Merchant Processing.



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The 10 Things You Need To Know

1. Will the merchant agreement you have to sign contain an **early termination fee**? Most processors lock their customers into a 2-3 year contact with early termination fees that can range between $200 and $500.

With AMG there is NO early termination fee. We earn your business each and every month.

2. **Is there a monthly or annual minimum required?** Certain processors will charge an additional monthly fee of up to $25 if your monthly processing volume is not higher than $1,200. In addition, if you are getting a "free terminal", you might be charged an additional fee which is sometimes called an annual fee, membership fee or risk assessment fee.

With AMG there are no monthly or annual minimums and the only monthly fee is a $10 statement fee.

3. **Were you asked if you want to lease a terminal?** This is one of the biggest money makers for processors. Don't be talked into leasing your equipment for any monthly amount. You can most likely purchase the same terminal for a much cheaper price.

AMG does not participate in any leasing programs. It is our opinion that if a merchant needs a new terminal, the most cost effective way to obtain one is to purchase the technology.

4. **Are you being offered a free terminal?** Remember, nothing in life is free. Either the cost of the terminal will be made up in your monthly processing fees and/or if you do a high volume of transactions, the processor will only allow you to use that terminal as long as you maintain an account with them.

AMG is always open to a conversation with our clients about their current pricing and associated cost of obtaining the right technology. We have implemented certain custom programs for our loyal customers that benefit all of the parties involved.

5. **Are you being offered the option of INTERCHANGE PLUS pricing for your merchant account?** Interchange Plus pricing is the most transparent method of pricing in merchant services. It is also the least profitable for the processor. Many processors do not even offer this type of pricing. Please refer to our white paper on merchant services pricing strategies for a more detailed description of the various pricing methods that are being used in merchant processing.

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Ten things you need to know about merchant processing.

For more information and pricing, please contact Andy Shuman at:

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