TRI Transaction Resources Inc
Payment Processing Solutions

The Top 8 Hidden Fees and How to Expose Them

The merchant credit card business is highly competitive. Many banks and processing companies use aggressive and somewhat deceptive sales tactics to lure new customers. Businesses sign-up thinking they closed a great deal. The deal soon looses its luster as more and more "hidden fees" pop up increasing the overall cost. Are any of these lurking in your agreement?

The Top 8 Hidden Fees:

1. Annual Fee - This fee is usually billed on the merchant statement in December or January. Fees range from $75 to $199 per merchant account. Many merchants are not aware of this fee because it is buried in the fine print on the merchant application. **Don't sign a merchant application with an annual fee.**

2. Cancellation Fee - This fee usually appears in the fine print of the merchant application. Many merchant agreements have a term of service. If a merchant cancels the agreement early they are subject to cancellation fees that run the gambit from hundreds of dollars to thousands of dollars. **Make sure there is no cancellation fee or term agreement before signing the merchant application.**

3. High Mid-Qualifying and Non-Qualifying Fees - Some processors quote a low "teaser" rate. The problem is many transactions don't qualify for this low rate. When you receive your first monthly merchant statement, you'll have a big surprise if most of your charges don't qualify for the low rate. **Make sure you ask the processor which transactions do not qualify for the low rate and why. Also, make sure to find out what the fees are for transactions that don't qualify.**

4. Daily Discount of Merchant Fee - Some processors net out the processing fees every day prior to depositing funds in your settlement account. This creates accounting and bookkeeping problems even if you only have one terminal and one store. End of day credit card sales totals from the terminal or POS system don't match the amount deposited in the settlement account. Merchants with multiple terminals and multiple locations find it impossible to reconcile terminal transactions with monthly merchant statements. Daily discounting is a nightmare. **The processor should deposit the gross credit card receipts and debit total credit card fees once a month, at the beginning of the following month.**

5. Enhanced Bill-Back Merchant Statement - This is another billing headache. Many processors bill monthly non-qualifying transaction fees 2 months after the month they occur. This time lag creates confusion and easily leads to misunderstanding of charges. The merchant statement shows some fees from the current month and some fees from the previous month in the same statement. This makes it very difficult to manage your credit card processing expenses. **Make sure you see a sample monthly statement and understand how you are to be billed.**

6. Membership or Supply Fee - Some processors charge a monthly membership or supply fee, but tell you that all receipt paper and supplies are "free". The membership or supply fee improves the processor's cash flow and you may be paying for supplies that you really don't need. TRI does not have membership fee for "free" supplies. Our supply partner, POS Supply Solutions, offers competitive prices and next day delivery to all TRI merchants. **Only pay for what you use.**

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7. Equipment Lease Fee - Some processors specialize in leasing credit card terminals and charge exorbitant rates. Equipment leases lock merchants in for terms as long as 5 years and end up paying 3 to 5 times what the terminal would cost to purchase. In most cases, if a merchant already owns equipment, it can be reprogrammed at NO CHARGE and the merchant can continue to use it. In many cases, POS registers, property management systems, ticketing systems, PC's, web sites, or other systems can integrate the credit card processing function, eliminating the need for a separate credit card terminal. **Don't lease credit card terminals. If a terminal is needed, purchasing or rental (either seasonal or short-term) is the way to go.**

8. Batch Header Fee - Some processors charge a fee every time a terminal is "batched out" or settled. If your business is open 20 to 30 days a month and the terminal is settled once a day you could be paying extra fees every day. If you had as few as 10 terminals, this could be as much as $600 per year.

These are just 8 of many potential hidden fees that may be in your current credit card processing agreement. Want to uncover all your hidden fees? Contact TRI for a free, no-obligation analysis of your current program. Call today to see how much you could be saving.

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