

# Insider Secrets To ACCEPTING **GOVERNMENT** PURCHASE CARDS



Increase Your Profit Margins  
on Every Transaction

## WHAT WILL READING THIS REPORT DO FOR YOU?

For almost any business, credit card fees are a common cause of concern. Business owners and entrepreneurs are busy. However, the time that you invest to read this report and apply its information will have a significant impact on your bottom line.

### REVEALED (Your Non-Government Transactions)

- Despite what you may have been told, you should NOT be paying more than 2% to accept commercial cards whether keyed, swiped, processed via the web or mobile device.
- How entering sales tax on a business card can lower your transaction cost by up to 0.50%. (Your Non-government transactions)
- The higher the dollar amount of the transaction the lower your cost.
- You should be receiving 100% of interchange on any credits/refunds you provide.
- Manage your card payment process for better interchange rates.
- Why you should never have to ask a processor: "What's your rate?"
- EIRF and standard downgrades explained.
- Non-qualified on your statement.
- The government is transitioning towards Level 3 Processing.

# Merchant Awareness Guide

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Choosing a merchant service provider isn't easy; selecting a processor based on rate alone can cost you significantly, as it may equal a loss of sales. If you're like most contractors, you've been victim to misleading advertising, confusing claims and incorrect information just as a way to get your business.

Most contractors have relied on their bank or existing processor to set up their account to accept government and commercial credit cards. Unfortunately, most sales professionals lack the correct knowledge and are ill-equipped to properly manage the level of processing data required for commercial cards.

*Most contractors  
have relied on  
their bank or  
existing processor  
to set up their  
merchant  
account.*

Here's an embarrassing (and downright surprising) fact about the payments industry: It's not regulated like many other professional financial services industries.

No formal standards exist about how processors must quote you rates. And the same can be said about the types of fees that can be charged, as sales professionals are not required to be certified or have a certain amount of knowledge to sell merchant services.

The payments industry is more complex than most people realize, with over 400 interchange rates that vary based on industry category. The method by which you accept the card, size of the transaction, along with the card product you accept are all variables.

Even if someone is honestly trying to do a good job for you, their inexperience when it comes to interchange and commercial credit cards could be driving your expenses up due to their lack of know how.

Statistics have proven to us that 3 out of 5 businesses are NOT set up to accept commercial cards properly.

Commercial cards have special interchange pricing that when properly set up, allow a business to lower transaction cost by 40%. And better yet, the transaction reduction is not driven by the rate a processor is charging you.


Simply offering you a mere monthly savings is not that appealing and is likely the reason this goes unmentioned. The reality is that premier payment professionals know how to significantly impact your bottom line. They can award you not only with a rate reduction, but with value enhanced technology most business owners will never be exposed to because their rep never took the time to explain or didn't even understand the knowledge himself.

## WHO AM I?

My name is Sean Jones I am a leading advocate and Level 3 payment consultant for government contractors and vendors.

I've been in the payments industry for over 20 years, and my experience has enabled me to acquire a large amount of knowledge in the B2B (Business-2-Business) and B2G (Business-2- Government) space.

Setting up a merchant account to accept government credit cards is different than a standard merchant account. Most business owners are completely unaware of how credit card processing rates and fees are calculated and assessed.



*Please help  
promote this guide*

I wrote this guide to raise industry standards by increasing awareness while empowering businesses with knowledge to help make more informed decisions when choosing a processing partner.

Most banks would prefer you did not know this information, because once you do and apply, it will be able to convert much of their profits back into your own.

Feel free to contact me directly at **703-726-4983** pertaining to anything in this guide you've found that you'd like to discuss.

As a favor for revealing this knowledge to you, please support this informative guide by sharing it with others. Most businesses have not been exposed to much of the information in this report and could find great value in it. Your help getting this in the hands of more business owners is greatly appreciated, both by myself, and the other business owners out there just like you who need it.

### YOU SHOULD NOT BE PAYING MORE THAN 2% TO ACCEPT GOVERNMENT & CORP. CARDS.

*Reduce  
interchange  
transaction cost  
by 30%- 40%  
Before processors  
even add their  
markup*

When your account is properly set up, you should be paying less than 2% to accept the majority of your government & commercial transactions, whether you swipe, key or process via the web or a mobile device.

Commercial cards have tiered interchange rates. Visa and MasterCard created special rates to support these cards by reducing a **suppliers** transaction cost (interchange) if Level 3 line item detail information is captured and submitted with the transaction.

Passing Level 3 Detail on commercial, corporate, fleet, purchasing, government and some business cards can reduce interchange transaction cost by 30%-40%.

### PLEASE NOTE: ONLY TRANSACTIONS INCLUDING LEVEL-3 DETAIL ARE ELIGIBLE FOR THIS INTERCHANGEREDUCTION.

*On the surface they  
look like any other  
card, but...*

Visa business cards do not qualify for Level 3 interchange rates, however they do qualify for Level 2 interchange, and this can still reduce transaction cost by 0.60%.

Commercial/Purchasing cards are used just like personal credit and debit cards. On the surface they look like any other card, but possess more capabilities, features and controls than the typical card.


A Commercial/Purchase cards can be setup to control:

- Number of monthly transactions
- Total monthly spend
- Daily spend amounts
- Number of daily transactions
- Amounts per transaction
- Where the card may be used based on merchant MCC code (MCC restriction)

The most differentiating factor is Commercial cards can also be processed with the same Level 3 detail you would generally find on an itemized invoice.

This is referred to as Level 3 line item detail.

### WHAT IS LEVEL 3 LINE ITEM DETAIL AKA LEVEL 3 PROCESSING?



*A more  
sophisticated way  
of accepting  
commercial credit  
cards*

- Level 3 “transactional” Data: is an “electronic invoice” with line-item details. It defines **“what”** is being purchased, **“how”** the sales takes place, **“who”** is involved in the transaction, and **“when”** it takes place. This specific data combines that information with the basic payment data and delivers it electronically to the card issuer.
- Level 3 line item detail provides data elements such as a description of the product, quantity, unit-of measure, price, price discount applied and sales tax information when applicable. It adds transparency and accountability to the tax payer’s money spending process.
- These data elements are combined with basic transaction information such as the merchant establishment information and cardholder information.



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Below are the different interchange tiers for commercial cards. Commercial cards qualify 1-3 ways/rates before processors add their processing markup.

DATA ELEMENT	LEVEL 1	LEVEL 2	LEVEL 3
Merchant Name	YES	YES	YES
Transaction Amount	YES	YES	YES
Transaction Date	YES	YES	YES
Customer Code		YES	YES
Total Tax Amount			YES
Ship From Postal Code			YES
Invoice Number			YES
Order Number			YES
Freight Amount			YES
Line Item Detail of Purchase			YES

### IT'S EASIER THAN YOU THINK!

Including Level 2 and Level 3 Data on transactions is not as difficult as you may be think. Revolution has technology that sends this on your behalf without you lifting a finger.

*(More on this later.)*



HIGHER RATES

The difference of including level 3 vs. not can be as high as 1%-1.5%

Merchants are used to paying higher rates for commercial transactions. With these enhanced features and values, there is generally a higher interchange. However, when your merchant account is set up properly (and your passing Level 2 & 3 Data), transaction costs are lowered significantly.

Level 3 Processing can lower your discount rate by as much as 1.5% when compared to non-Level 3 Processing and depending on the size of the transaction and card type.

The GSA Site shows examples of commercial cards processed with and without Level 3 detail.

GSA Site. Level-3 is in demand, participating vendors may experience interest

Example#1 - VISA INTERCHANGE EXERCISE:

Cost for a \$5000 Visa transaction without Level 3 Data:  
**\$139 or 2.78%**

Cost for a \$5000 Visa transaction with Level 3 Data:  
**\$99 or 1.98%**

Cost for a \$3000 Visa transaction without Level 3 Data:  
**\$99 or 3.30%**

Cost for a \$3000 Visa transaction *with* Level 3 Data:  
**\$75 or 2.50%**

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### ***Example#2*** - MASTERCARD INTERCHANGE EXERCISE:

Cost for a \$5000 MasterCard transaction without Level 3 Data:

**\$147.50 or 2.95%**

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Cost for a \$5000 MasterCard transaction with Level 3 Data:

**\$102.50 or 2.05%**

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Cost for a \$3000 MasterCard transaction without Level 3 Data:

**\$88.60 or 2.95%**

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Cost for a \$3000 MasterCard transaction with Level 3 Data:

**\$77.58 or 2.58%**

Statics show us that 3 out of 5 businesses have not been set up to process commercial cards properly; most merchants have a standard retail account for accepting consumer cards as opposed to commercial cards, meaning they are not passing Level 3 line item detail.

## **SOPHISTICATED PAYMENT TECHNOLOGY**


Qualifying for the reduced Level 2 and Level 3 interchange rates requires using sophisticated payment technology capable of capturing the additional requirements.

Stand-alone terminals do not support the additional line item detail.

## LEVEL 3 MADE EASY

Revolution Payments specialized payment technology automatically sends Level 2 and Level 3 Data on your behalf without you lifting a finger.

This means any qualifying card, whether swiped, keyed, processed via the web or mobile device will receive the reduced Level 3 interchange rates, effectively reducing your transaction cost by 40% regardless of your current rate or processor.



**Only** transactions  
including Level 3  
are eligible for  
rebates

### **Reduce Cost by up to 0.60% by passing Level 2 Data**

Level 2, also referred to as Level II, Card Data is additional information that can be attached to a credit card transaction string to provide more information for business, commercial, corporate, purchasing, and government cardholders. Both Visa and MasterCard maintain Level 2 Card Data Interchange Rates that are applied to transactions that are submitted with Level 2 Data.

Transactions with Level II Card Data can obtain lower interchange rates—and thus provide you **with a lower processing cost**—than the exact same transactions submitted without the additional Level 2 Card Data.

### **Many stand-alone terminals support Level 2 and can reduce transaction cost by 0.60%**

Retail merchants will often encounter Level 2 Card Data when they swipe a corporate/commercial/business card and the credit card terminal prompts for a "customer code" or "PO Number". This is often mistaken as a request for the three or four digit CVV2 code on the back or front of the card.

In fact, the terminal is reading the magnetic strip on the card and recognizing that the corporate/commercial/business credit card account has a Customer Code/PO number feature.

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The Customer Code/PO Number is a four digit number that appears on the cardholder's credit card billing statement that allows the cardholder to track purchases made with the card number. This is useful for corporate/commercial/business card accounts where more than one employee or person may have access to the card or card number.

**Unfortunately, many card holders either do not use the feature, do not know what it is, or do not know the four digit customer code number.**

In these cases, the merchant should enter any random four digit number, and in most cases, the transaction will clear at the lower, Level 2 Interchange Rate. Entering four zeros or four ones or the same four digit number each time will not clear at Level II Data Rates, the number must be randomized each time.

Often, after the customer code/PO number prompt, retail merchants will see the next most common Level 2 Card Data request, which is a prompt from the terminal to enter a tax amount. If there is sales tax on the purchase, you should enter the amount of tax paid. Most cards (other than MasterCard Fleet transactions) require something other than zero in the tax field.

VISA COMMERCIAL PRODUCT LEVEL II

Visa Commercial cards use data non-T&E merchant (T&E stands for Travel and Entertainment) and CPS Data and Level II Data requirements.

Tax-exempt transactions are non-eligible on these specific cards, and the tax amount must be between 1% and 22% of the total transaction amount. Fleet fuel transactions at fuel merchants require fuel data.

- Commercial Level II  
2.05% + \$0.10 Commercial Card Present
- 2.50% + \$0.10 Commercial Card
- Not Present 2.65%+\$0.10

COMMERCIAL DATA RATE II

- T&E Merchants are ineligible to receive this rate.
- Transaction must be settled within 2 days of purchase date.
- Transaction may be swiped or keyed. Electronic authorization required.
- Level II Data required (Customer Code only required for Purchasing and Fleet cards).
- T&E (Travel & Entertainment) ineligible.

Tax amount must be >0.1% and <30% of transaction amount, except for the following MCCs, which are exempt from the tax amount threshold: 4111, 4131, 4784, 4215, 8211, 8220, 8398, 8661, 9211, 9222, 9311, 9399 and 9402.

- Additional fuel data required for Fleet card transactions.

Data Rate I            2.65% +0.10

Data Rate II           2.00% +0.10

IT COSTS LESS TO ACCEPT A LARGE TRANSACTION THROUGH THE HIGH TICKET AND HIGH TICKET ADVANTAGE PROGRAM!

The Large Ticket and Large Ticket Advantage Program, is a specially designed program for merchants who accept high dollar transactions.

GSA \$5,984.61>

Purchasing Card-Non GSA / Corporate transaction greater than or equal to \$8,725: **1.20% +\$39**

Visa Purchasing Large Ticket

Purchasing Card-Non GSA/Corporate transaction greater than or equal to \$8,725: **1.45% +\$35.00**

Large Ticket Advantage

ONLY Card Not Present Transactions are eligible		
\$10,000.01 - \$25,000	0.70%	+\$49.50
\$25,000.01- \$100,000	0.60%	+\$52.50
\$100,000.01 - \$500,000	0.50%	+\$55.50
Greater than \$500,000	0.40%	+\$58.50

NEW MASTER CARD COMMERCIAL  
PAYMENTS ACCOUNT:

*New Program for  
Commercial cards*

Effective April 11, 2014, MasterCard launched a new virtual card product, MasterCard Commercial Payments Account, as an alternative payment solution to checks for business-to-business payments.

Since the account number is associated with a virtual card product, all transactions will be card-not-present. There will be no physical plastic card and cardholders will not have PIN capabilities.

MasterCard will also introduce a new MasterCard Commercial Payments Account interchange program that will have six tiers as depicted in the table below to support interchange based on different transaction amounts.

Merchants will experience a shift in interchange as a result of this new virtual card product.

Tier	Amount	Rate
1	Less than \$7,255.00	Large Market Applies
2	USD \$7,255.00 - \$25,000.00	1.20%
3	USD \$25,000.01 - \$100,000.00	1.00%
4	USD \$100,000.01 - \$500,000.00	0.90%
5	USD \$500,000.01 - \$1,000,000.00	0.80%
6	USD \$1,000,000.01 and greater	0.70%



### CREDITS AND REFUNDS.

#### **You should be receiving 100% of interchange any credits/refunds you provide**

This is something that's commonly overlooked. When you credit your customers, the interchange fee and largest part of the processing fee is refunded back to the card issuer.

Some processors keep the interchange and charge a transaction fee. And some not only keep the interchange but also charge the merchant an additional processing fee and transaction fee on the refund.

The difference in these three ways of handling refunds can have a large impact on your cost.

Say you had \$10,000 in credit card refunds and each refund was for \$100.

The first refund method shouldn't cost you more than \$20.

The second method would cost you around \$250.

The third method would cost you around \$500. This cost is even more significant when you consider that you made \$0 in actual sales.

Revolution, as well as a few other providers, give 100% of interchange back (reversing the fee you were charged) for any credits or refunds.

*Most processors charge you a 2nd time when you do a return*

### MANAGE YOUR CARD PAYMENT PROCESS FOR BETTER INTERCHANGE RATES

Interchange fees account for the majority of your expense for accepting credit cards. 75% to 80% of the fees you pay to accept credit cards from your clients are interchange charges.

## WHAT IS INTERCHANGE?

Interchange is the money transferred from the acquiring bank (your processor) to the card issuing bank. Interchange is non-negotiable and the same regardless of the processor you choose. No processor can offer you lower interchange rates than another as it's non-negotiable.

Understanding the factors affecting interchange rates can help you manage them to minimize downgrades and gain new control over your monthly costs.

### **Interchange varies based several factors:**

- Your industry category (SIC Code)
- Level II or Level III data captured
- Amount of the transaction
- Your card acceptance method (stand alone terminal or virtual terminal)
- The type of card you accept

Visa and MasterCard modify interchange in April and October. Current interchange rates can always be found at [www.visa.com](http://www.visa.com) & [www.mastercard.com](http://www.mastercard.com)

## MID AND NON QUALIFIED FEES.

### **Bundled or Tiered pricing.**

If you see Mid and Non-Qualified fees listed on your statement, I suggest you do a search for B2B payment consultants immediately or call me at 703-726-4983.

With tiered pricing processors bundle the 400 interchange charges into Qualified, Mid and Non-Qualified. Each processor chooses which transactions they want to will fall into Mid and Non-Qualified, so comparing one processor to another is virtually impossible.

This pricing method allows processors to conceal card types and interchange fees making it impossible to calculate its markup or compare one processor from the next.

**This is the least cost effective way to process commercial transactions.**

### STANDARD AND EIRF

#### **Common interchange charges that can be avoided.**

Whether your transactions are keyed, swiped, processed over the phone or internet, chances are you've paid more than you should by triggering an interchange reclassification of your transaction referred to as EIRF and Standard.

EIRF stands for Electronic Interchange Reimbursement Fee. It sounds like it is a reimbursement but it is actually quite expensive.

EIRF/Standard is an interchange transaction downgrade from the lowest to a far more expensive interchange category.

EIRF will cost you at least 0.79% (79 basis points) more than a qualified swipe transaction and at least 0.50% (50 basis points) greater than the best interchange for a keyed transaction.

At the time of this report Visa's rate for qualified card present transactions is 1.51% + .10 cents per transaction; 1.80% + .10 cents for card not present transactions (not including dues and assessments)

➤ **EIRF Interchange is 2.30% + 10cents.**

➤ **Standard interchange is 2.95% + .10cents**  
(Standard generally applies to Commercial transactions.)

### **MOST COMMON REASONS FOR THESE DOWN GRADES**

The transaction is authorized and not settled within two days of the authorization. One way to help prevent this to make sure your terminal or virtual terminal is set up to auto-batch.

- Zip code non-match. Merchants set up where the majority of their cards are swiped requires Address Verification (AVS) and requires a match. Merchants setup where the majority of their transactions are keyed “does not require a match”, however a zip code does need to be entered.
- The amount of the authorization exactly matches the settled amount (with the exception of restaurants and other merchants that commonly see gratuities added to the authorized amount).

### **NEVER ASK A PROCESSOR “WHAT’S YOUR RATE” AGAIN**

You should be more concerned with your rate structure than your rate. Insist on a cost plus rate structure when choosing a processor. This is an absolute must.

This allows you to isolate your processor’s markup and see your true costs, eliminating the possibility of any hidden or unnecessary fees they are keeping under wraps from you.

Cost plus will also make it easy to compare one processor from another. Interchange remains the same regardless of the processor you choose, you only need to focus on the processor’s markup.

**Word of caution:**

*We recently started to notice some processors inflating interchange rates and only showing interchange charges, not the rates.*

*Dividing your fees/volume should match up with what you find on Visa and MasterCard's interchange chart.*

**Example Visa Purchase Card (swiped)**

COM RET P (retail purchase)  
\$10,390.58 (sales)  
\$285.74 (fees)

Divide  $\$285.74 / \$10,390.58 = .0275 \times 100 = 2.75\%$ .

We know that interchange is 2.50%. meaning that the processor hid the additional 25 basis points in the interchange fees.

FYI: This same transaction at

- Level 2=2.05%
- Level 3=1.85%

(Based on the exact same transaction.)

**HERE'S MY SALES PITCH**

If you found any value in this report and or have questions regarding anything you read please feel free to call me or schedule a no-obligation review and commercial card audit.

Let me assure you, this is not the typical analysis you're accustomed to. Aside from rate reduction, my goal is to show you how to capture 40% more revenue on the commercial cards you're accepting, putting more money in your pocket instead of wasting it on unnecessary fees.

Qualifying for the lowest interchange rates requires different technology, correct rate structure and experienced payment consultant to help through the process.

# Merchant Awareness Guide

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Reading this report is half the battle.

Pick up the phone and call me at **703-726-4983** or email [\*\*sean@revolution-payments.com\*\*](mailto:sean@revolution-payments.com) to get started.

Let's schedule a no-obligation review and complimentary audit to see how much you can save. Please know that I value your time as much as my own. If I'm unable to show you how I can add a minimum of 0.50% to most of your commercial cards I will donate \$100 in your name to your favorite charity.

***P. S.** I know this is a lot of information and may be overwhelming. But adding 0.50% to your bottom line on all of your commercial transactions is something that could benefit any business owner.*

## ADDITIONAL HIGHLIGHTS

- **\$100,000 Breach Protection**

An available liability waiver of up to \$100,000 for card association costs in the event of certain data breaches.

- **Point to point encryption**

Sensitive payment data is instantly encrypted the movement a customer's card is swiped, meaning it is never stored within your system. This includes both stand-alone machines and virtual terminals.

- **Tokenization**

Taking the protection of encryption one step further, tokenization replaces sensitive payment data with a unique identifier known as a token, which renders cardholder data unreadable and therefore useless to hackers.

- **Value Enhancing Level 2 and Level 3 Payment solutions**

Revolutions Payment gateway automatically sends Level 2 and Level 3 Data on your behalf, without you lifting a finger.

- **PCI** Make payment compliance easier and faster with a simple online questionnaire.