



Understanding your...

Merchant Services Statement



Merchant services statements can be confusing and with each provider having a different layout, jargon and terminology it can be difficult to understand and compare suppliers.

This guide will talk you through the key areas of your merchant services statement to help you make sense of the terminology and highlights the aspects that you should be mindful of.

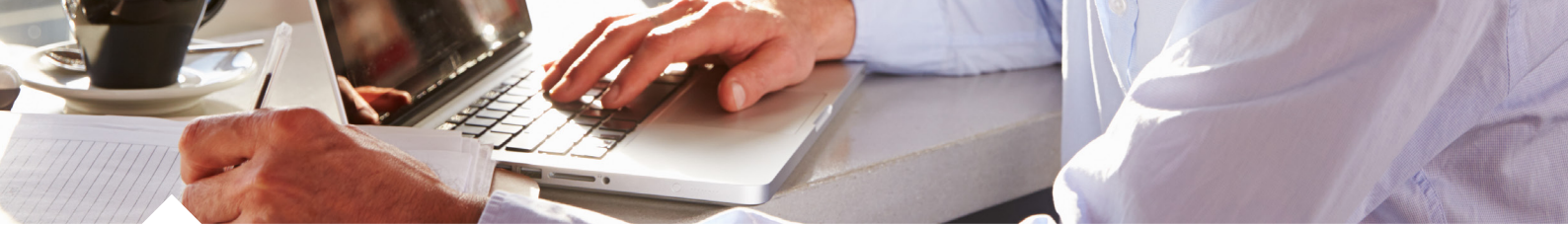
There is money to be saved by understanding your statement and the charges that you incur and this guide will help you identify these savings.

- **Interchange Fee** – Is the fee charged by the card-issuing bank to the payment processor (or “acquirer”) for each transaction. This fee can vary depending on the type of transaction for example; if the card is not from the UK or is a corporate card then there will be higher interchange fees for example:
 - **Non-face to face** – This is where the card is accepted over the phone or online and the cardholder is not present (CNP)
 - **Non-UK cards** – Cards issued by banks outside the UK
 - **Premium Credit Card** – Business, corporate, commercial and reward cards attract a higher interchange cost than your standard personal credit or debit card.
- **Scheme Fees** – These are fees that are levied by the card schemes (Visa and MasterCard for example) and will depend on where the card was issued.

- **Monthly Minimum Service Charge (MMS)**
 - Acquiring banks commonly impose a minimum monthly service charge. This is effectively the minimum amount they require each month to maintain the acquisition service/merchant account. If the total cost of transaction processing to the merchant exceed the minimum charge required then no additional charge will be levied, if it is less a balancing charge will be made. This charge will be imposed even if the service isn't being used.
- **Transaction Fee** – UK issued debit cards will typically be charged a **pence/cent per instance rate** whilst credit cards will be charged a **percentage rate** of the transaction amount. Transaction charges are exempt from VAT, the most common cards are:
 - **Pence/Cent per instance rate**
 - UK issued Maestro
 - MasterCard Debit
 - Visa Debit
 - Visa Electron
 - **Percentage rate**
 - MasterCard and Maestro International
 - Visa and Visa Commercial
 - Diners and Discover
 - JCB
 - International Debit cards
- **Miscellaneous charges** – There are a number of charges which attract VAT, below is a list of the most common ones:
 - Paper Invoice
 - Terminal Rental
 - Authorisation charges
 - PCI DSS Annual Management Fee
 - PCI Compliance fee's

Check your Paperwork

it is important to understand the terms and conditions surrounding your contract to identify any termination costs you may incur and avoid any surprises at a later date



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- Premium Charges** – These can also be referred to as additional charges and are applied to transactions which have a higher processing cost due to their associated risk or the way in which a card payment was taken. Typically the rates you are quoted by an acquirer will be based on standard face to face transactions where the consumer uses chip and PIN to verify the purchase. If the transaction is taken online, over the phone or the consumer is required to sign rather than use their PIN for example, these situations are likely to incur premium charges.
- Summary of Charges** – Some card payment providers will incorporate each of the various aspects into 1 single charge which makes it easier to understand exactly how much you are being charged. Some acquirers break out aspects like transaction, interchange and scheme fees. Doing this makes it very difficult for you to get a true picture of exactly what you are paying to process certain card types, make sure you seek an explanation from your acquirer and don't get caught out thinking 1 aspect of the cost is the only charge you are paying.
- PCI DSS** – PCI DSS stands for Payment Card Industry Data Security Standards. Anyone who takes processes or stores card information has an obligation to be PCI DSS compliant. Acquirers are expected to do all that is required to support their merchants to become PCI compliant. The costs of PCI DSS are too commonly overlooked by acquirer sales people, make sure you are clear on the charges for you to become compliant and more importantly the penalties if you don't become compliant. The penalties can quickly escalate and some will even charge based on a percentage of your turnover.

Merchant Services Provider	Monthly PCI DSS Non-Compliance Charge	Monthly Additional PCI DSS Service Charge <small>(for customers who are non-compliant for more than 12 months)</small>	Total Fee per month	Annual Non Compliance Fee
WorldPay	£9.99 / €11.99	£12.00 / €14.50	£21.99 / €26.49	£263.88 / €317.88
Global Payments	£50		£50	£600
Elavon	£17 / €21.30		£17 / €21.30	£204 / €255.66

In Summary

It is important to ensure that you understand all of the fees before you sign on the dotted line, all of these costs (including those that can be difficult to find and understand) can be found in your merchant services provider's terms and conditions. To make sure that you are not stung by any nasty surprises ensure that your provider clearly explains them all to you before you sign and do not just talk to you about the headline rates, it's imperative you are clear that you are looking for the total cost of having the service. If they skim over them or do not talk to you about them all clearly then they are inevitably hiding something they would rather you didn't know so walk away. A provider that cannot be upfront and honest in the beginning is not a good provider and that is not the start of a good relationship.

Top Tip

Check out your miscellaneous fees as this is usually where most of the hidden fees and charges are held and is the area where you can make the biggest savings.

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