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**Simple Powerful Tools to  
Maximize Business Profits through your Electronic Payment Services**

**SUMMARY**

**FREE GUIDE to BEST BUSINESS PRACTICES**

The simple goal of this guide is to highlight several common areas to easily improve your electronic payments processing profits and efficiency. This can be done *without* spending any money or *changing* how your business is conducted on a daily basis.

These best business practices were prepared by the established consultants at XBS Global, a premier provider of credit card and electronic payment processing solutions. Our consultants bring over 25 years of industry experience to 10's of 1,000's of small to mid-sized business all across the county.

Strategies presented here are the result of years of education, training, and experience in a constantly evolving and increasingly complex field. We've learned it is not enough for the entrepreneur to stay current with the changing elements of their own trade and business focus. Keeping pace with the intricate developments in payment processing is vitally important to your business and something you must be conscious of, and attentive to. Sales conclude when payments are processed. Processed payments produce revenue and cash flow, that after costs yield profit. Payment processing then, is the very foundation of your business success. ***Find an industry partner you can trust.***

Unfortunately *or* fortunately, should you read and recognize the values listed here in this guide, there is a significant amount of profit lost by the merchant due to either misunderstood concepts about payment processing (inherently complex thanks to VISA / MASTERCARD) or an overall lack of awareness regarding newly available pricing methods and services (is your partner forthcoming, about what is best for you the merchant?).

This guide grazes the surface of some very specific ideas to lower the costs of your payment processing and increase the speed and efficiency of collection, immediately. The result will be increased profits for the business owner, as well as a reliable, increased cash flow.

For a long time, merchants have considered the qualified processing rate as the determining factor in choosing a processing business partner. The all inclusive costs of electronic payment processing however, goes much, much deeper than this initial, quoted, "rate".

## **Outline for Improved Profits & Efficiency**

- A) **Merchant Accounts / Credit Card Processing.** Pages 3-5.  
Profit from the same negotiating power and leverage the largest companies enjoy.  
Access to the best available pricing, service, technology and guidance.
- B) **Direct Debit.** PaySimple Solution. Page 6.  
Known as E.F.T. (Electronic Funds Transfer) or A.C.H. (Automatic Clearing House).  
Bank to bank transfers are common place for businesses, easy to utilize, and have a significantly lower cost to process than credit card transactions. (Typically a 60-80% reduction in cost!)  
PaySimple is an all inclusive tool combining direct debit and/or credit card payments with E-Invoicing.
- C) **Electronic Invoicing.** PaySimple Solution. Page 7.  
Find out how to send E-mail invoices for No Cost. It's fast. It's easy. Your customers will Thank You.  
Increase speed of payment and accounting efficiency.
- D) **Check Services.** Page 8.  
In person, by phone, on the Web. Check Guarantee and Conversion.  
For one time or recurring payments, is as easy as accepting credit cards... only far less expensive.
- E) **Point of Sale Solutions.** Page 8.  
Logical, inexpensive and even Free Solutions for merchants.  
A wide variety of options depending on your unique needs... we work with them all, and can guide you.
- F) **XBS Resources.** Page 9.

## **A. Credit Card Processing / Merchant Accounts**

Our industry experience confirms that 95% of merchants are paying far more than they need to for these basic services. There are a number of benefits to choosing a single processor that can handle ALL of your electronic payment needs and grow with your business. Merchants should have an industry trained eye (your industry partner) reviewing their statements (this is your money) - because errors do occur.

Remember your quoted, base "rate" in the tiered pricing model noted below is only one facet of your agreement. Numerous transaction fees and processing costs typically accompany this rate. A host of other factors can contribute to your rates and fees such as your processing method, card types processed, your business type (mail order, advance payment or collection for services/products) and so on.

Typical Credit Card Types and Methods -

**All Major Card Types** – Visa / MasterCard / American Express / Discover / Diners Card / etc.

**All Transactions** – Credit / Debit / Card Present - Not present / Rewards / Commercial / Small and Large Ticket Mobile / E-Commerce and more.

### **The Most Common Areas of Wasted Profit for Merchants... Is Easy to Correct.**

All of the facets of electronic payment processing listed here that result in lost profit for the merchant can be addressed by one of the following solutions detailed and/or referred to often here in this guide:

- The interchange plus pricing model
- A POS change/solution
- A trained and trusted industry partner

#### **1. Beware of Downgrades / Mid and Non-Qualified Surcharges / Tiered pricing models**

This is the most common Rate structure with Qualified, Mid-Qualified, and Non-Qualified Categories. Often times the merchant has a fairly competitive Qualified Rate. Yet in today's processing market, as many as 70% of the transactions process at the higher Mid or Non-Qualified rate. The processor takes advantage of the merchant by charging outrageously high fees for these downgraded transactions without the merchant being aware. Sometimes as high as 7-10%!

#### **2. Debit / Check Cards**

These cards make up about 65% of the cards issued in the marketplace, and carry a lower cost to process than credit cards. Often times, the merchant does not receive the benefit of this lower cost and therefore unknowingly pays far more than needed for these common transactions.

#### **3. Pin Based Debit Cards**

When merchants have an average ticket above \$50-\$60, it can be a significantly lower cost to process debit cards by having the customer enter their P.I.N. #. It is common for merchants to reduce their processing costs on these PIN based transactions by 80-90%, as well as reduce their risk.

#### **4. Commercial Cards**

These cards are issued to businesses instead of consumers. When the merchant accepts these cards, it is practically guaranteed they are paying a far higher discount rate than they need to. Sometimes, double to triple what is required.

#### **5. Reward Cards**

These cards do have a slightly higher processing cost than standard credit cards, but not by much. Often times the processor will charge as much as 10 times the actual increase to the merchant.



## 6. Special Programs Available

V/MC has 100's of different rates. They provide reduced costs for a large number of industry types. Most merchants are not aware of this reduced cost structure for their industry, nor does their processor share the information, therefore the merchant pays too much. It is vital to know if your industry qualifies for special pricing from Visa / MasterCard.

## 7. Dial up vs. IP (Internet) Connections

Businesses can have faster and less expensive transactions when processing transactions over their existing Internet connections instead of the traditional phone line. Most merchants use phone lines, yet already have Internet access.

## 8. Month End vs. Daily Discount

Most providers take your fees out of each and every daily deposit. It is much better to have the fees taken out at the end of the month. XBS provides this benefit as it is better for the merchants cash flow and record keeping.

## 9. Junk Fees and Confusing Statements

Processors should be embarrassed by all of the "Miscellaneous / Junk Fees" they charge to merchants. In combination with these junk fees, they make their statements very difficult to read, almost like a foreign language. Unfortunately, this allows them to charge these outrageous fees without the merchant even being aware. Most of these are simply another method to make more profit than is reasonable from your account, which means you are overpaying.

## Interchange Plus Pricing – Clearly the Best Pricing Method For The Merchant.

- Interchange Plus Pricing is the most transparent pricing model in the industry. This model passes on the actual wholesale rate determined by Visa / Mastercard to the merchant.
- This "Cost Plus Pricing" is... **The Very Best Pricing Merchants can Receive is the Industry.** Yet more than 95% of merchants in the USA don't have Interchange Plus. With this model you see exactly what the service cost for every single transaction, taking away ALL hidden and confusing costs.
- Historically, only the biggest merchants with the most negotiating power and knowledge were able to get this method of pricing. Now XBS brings this benefit to all of our valued clientele.
- **What is Interchange?** Interchange is the complex set of rules (100's of categories) that define how much the issuing bank (the bank that issued the customers' credit card) gets to keep from the credit card transaction. Until recently Interchange has always been hidden from the merchant. We provide this information to you.
- Traditionally, most merchants have been priced in more confusing and expensive "**Tiered Pricing**" models. Tiered Pricing has 3-4 levels of pricing, commonly referred to as Qualified, Mid and Non Qualified transactions. The competitors in our industry take advantage of the fact merchants can't compare pricing and over charge in "Marking Up the Downgrades" and placing common transactions in higher priced categories.

**"Interchange Plus" is a better, less expensive pricing model for the merchant. Large merchants demand it.**

## The 3 Components of Interchange Plus Pricing - This is the Simplest Method. For those merchants willing to be educated, the savings based on volume can be tremendous.

- 1) **Interchange:** XBS provides the most up to date Interchange Tables to all of our customers. The most common categories and pricing is listed below. This pricing is fixed for ALL merchants in the USA.
- 2) **Assessments:** In addition to Interchange, Assessments is a very small % that goes directly to the governing body of Visa or MasterCard; Only .000925 for Visa, and .00095 for MC. This equates to basically 9 cents for every \$100 processed. This pricing is fixed for ALL merchants in the USA.
- 3) **Delivery and Risk:** This is above Interchange and Assessments, and covers all costs involved with delivering the service properly for the merchant. Primarily includes...communications and technology, fraud protection, risk, recording, transfer of funds, underwriting, set up, ongoing service, etc. This pricing is set based on volume.



**Most Common Interchange Categories – For Preferred Pricing**  
**Complete Interchange Tables will be Provided**

A review of the most common Visa Categories (MC is nearly identical) and the pricing you will gain from XBS. Compared to Standard Industry Pricing... **XBS is Superior in Every Way!**

<u>Visa Card Category</u>	<u>XBS Interchange Cost</u>	<u>Standard Industry Pricing</u>
<b><u>Swiped</u></b>		
Debit / Check	1.03% + 15 cents	1.75 to 1.95% + 25 cents
Small Ticket (under \$25)	1.55% + 4 cents	1.75 to 1.95% + 25 cents
Credit	1.54% + 10 cents	1.75 to 1.95% + 25 cents
Small Ticket	1.65% + 4 cents	1.75 to 1.95% + 25 cents
Rewards	1.65% + 10 cents	2.40 to 3.25% + 30 cents
<b><u>Card not present</u></b>		
Debit / Check	1.60% + 15 cents	2.35 to 3.25% + 30 cents
Credit	1.85% + 10 cents	2.35 to 3.25% + 30 cents
Rewards	1.90% + 10 cents	2.75 to 4.50% + 30 cents
<b><u>Commercial / Corporate</u></b>		
Level 3	1.80% + 10 cents	3.35 to 4.75% + 30 cents
Level 2	2.05% + 10 cents	3.35 to 4.75% + 30 cents

**Special Industry Pricing** (Additional details required)

<b>* <u>Retail 2</u></b>		
Debit Swiped	.80% + 25 cents	1.75 to 1.95% + 25 cents
Debit Keyed	.80% + 25 cents	2.35 to 3.25% + 30 cents
Credit Swiped	1.43% + 5 cents	1.75 to 1.95% + 25 cents
Credit Keyed	1.43% + 5 cents	2.35 to 3.25% + 30 cents

\* Any type of school / specialty school / classroom environment, Cable T.V., Insurance, fines, gov't services, and more.

**Utility Industries** (Relating to Electric, Gas, Heating, Oil, Sanitary, Water, etc)

Debit Swiped	0.0 % + 75 cents	1.75 to 1.95% + 30 cents
Debit Keyed	0.0 % + 25 cents	2.35 to 3.25% + 30 cents
Credit Swiped	0.0 % + 75 cents	1.75 to 1.95% + 25 cents
Credit Keyed	0.0 % + 75 cents	2.35 to 3.25% + 30 cents

\* There are additional special pricing categories available from V/MC which are too in depth to list here. This information serves as a general overall guide to highlight the available pricing. There can be more specifics to each unique situation.

## **B) Direct Debit**

### **The PaySimple Advantage**

Direct Debit is also referred to as E.F.T. (Electronic Funds Transfer), A.C.H. (Automatic Clearing House).

The ability to automatically debit directly from your customers bank account, or to disperse money to a desired bank account electronically will **Substantially Reduce the Cost of “Moving Money”** thru the banking system, and has been available to merchants for some time.

This particular product/service PaySimple and several others like it, is an all inclusive product. It allows the merchant to collect payments effortlessly, and in a way that's most convenient for your customers – by phone, online, on an automatic schedule, or via electronic invoice. These “direct debits” are the electronic equivalents of paper checks, only **Significantly Faster, More Efficient, Much Preferred, and Less Expensive**.

These types of transactions are extremely **Favorable to All Parties**, and can be utilized on a one time basis or for recurring transactions. It is easy to set the repetitive transaction in the schedule and forget it.

These “Direct Debits” are the **Fastest Growing Method of Business Transactions** due to the acceptance of “Online Banking”, as well as the powerful combination of reduced costs and errors, improved efficiency, record keeping, and customer satisfaction.

PaySimple means means you can **Process Disbursements** as well. Transfer money from your business bank account to other consumer or business bank accounts for one-time transactions or automatically on any schedule you specify.

The system is **Automated, Customized to your Unique Needs and Appearance, and Very Simple to Utilize**. Credit card transactions can be run thru the exact same system at reduced rates as well.

Increase efficiency by having access to the system wherever you have access to the Internet (PaySimple is web-based) providing your organization the **Ultimate in Flexibility and Control** over your daily billing, collection and payment efforts.

There is **No Need for Investment** in hardware, software, or programming expenses. Implement immediately.

Even more attractive is the Zero to less than 1% Discount Rate, significantly lower than the cost of processing credit cards. This can save a business a substantial amount of money when compared to other processing methods.

## C) Electronic Invoicing - The Future of Billing is Available Now.

### The PaySimple Advantage

If you send more e-mails in your personal and business life than paper letters, you have to wonder why you are not using this invoicing method. The traditional paper invoice is wisely being replaced with the more efficient and cost effective method of Electronic Invoicing. The reasons are obvious.

#### The Process

- Send an e-mail invoice customized with your logo and information to your customer.
- Customer clicks on “**Pay Now**”.
- Customer chooses to pay by Direct Debit or Credit Card.
- The funds are in your bank account within 2-3 business days.
- Complete record keeping and integration with current accounting systems.
- Incredible flexibility for one time or recurring payments. Automated E-mail notices.

#### The Benefits

- Less Expensive in Every Way.
- Provides Faster Receipt of Invoice Payments.
- Greater Customer Satisfaction.
- Easily Communicate with Current Accounting Software
- Better Records.
- Less labor intensive.

This method of invoicing can reduce your collection costs **by up to 90%** due to...

- No postage costs for you or your customer.
- No envelope costs for you or your customer.
- No cost of paper, ink, common waste, etc.
- No cost of stuffing envelopes.
- No cost to record when invoice was sent, received, or followed up on.
- Quicker turnaround on your receivables. No trips to the bank. No deposit costs per check. Etc.

**Pricing ZERO CENTS PER INVOICE!! - email is FREE.**

**Save** on Sending the Invoice. **Save** on Receiving the Invoice. Receive the Payment **Faster**...  
Simply **A Better Way** to Collect Receivables.

## D) Check Guarantee and Conversion

Contrary to popular belief, checks are still a major influence in our society.

- \* 89% of adults have a checking account.
- \* 80% of all non-cash payments are by check.
- \* Checks are the largest non-cash payment method for consumers.
- \* 83% of all customers bills are paid by check.
- \* Lower transaction cost than credit cards.

When your business has the need to “Guarantee” the check is good before you accept the transaction, you can receive/add this service as well. This is accomplished with a common check reading device.

By guaranteeing the check, it can be converted into an electronic draft, and be deposited into your business bank account. This eliminates the wasted time and expense from trips to the bank and per item deposit fees your bank typically charges.

If the check ever comes back due to NSF “Non sufficient funds” the check will be electronically presented a 2<sup>nd</sup> time for clearance. If it still fails to clear, the check guarantee service will make good on the check 100%. The check guarantee company has the responsibility to collect on the check with no effort or responsibility on your behalf.

Your business can save on deposit and bad check fees, banking time and effort, while at the same time increase the speed of fund availability from these checks in your bank account.

After the check has been presented electronically for approval, a receipt is printed for the customer to sign allowing for ACH funds transfer, and the check is then handed back to the check writer.

## OR

Your checks can always be processed with the Direct Debit option listed previously in Direct Debit.

## E) Point of Sale Solutions

- Don't Pay More than Necessary for Quality P.O.S. Processing Solutions. Many merchants have paid 5-10 times more than they need to through unscrupulous vendors.
- There are many solutions that can be implemented for no cost out of pocket. When there is a purchase involved, most solutions can be obtained for \$75 to under \$300 depending on the unique needs involved.
- When a merchant already has access to P.O.S. equipment, most often times it can be used or reprogrammed at no additional cost. Remember however, that new and updated equipment and processing methods - can lower costs in the long run.
- There are an unlimited number of processing solutions to fit each customers unique needs and/or existing equipment preferences, in addition to reknowned equipment manufacturers for Terminals, Printers, PinPads, Software, E-Commerce Virtual Terminals and Gateways, Shopping Carts, Wireless, Industry specific hardware and software, Web Based, Dial up or Internet, and more. ***Most merchants should rely on vendor suggestions to provide the solution that will best serve their unique processing needs.***
- Your processor should guarantee the equipment for as long as you are a processing merchant - we certainly do.



***This guide was put together to assist small to mid-size businesses sort through the many options available today to increase speed, security, reliability and of course, profitability in electronic payment processing.***

XBS, Expert Business Services, brings decades of industry experience to its thousands of processing clients. We stand behind industry transparency and merchant education. Our consultants examine the processing statements of thousands of merchants yearly, finding numerous areas of "revenues lost".

Many of us think that in difficult economic times, it's imperative to lower our costs and find new ways to grow. The truth however, is that efficient systems should always be in place. Attitude reflects leadership and your approach to even the smallest of possible revenues gained will be an approach your employees learn to appreciate and emulate.

***Call us.***

We are committed to your success. We guarantee we can show you ways to improve your current processing methods and increase your overall profit margin. If not, you can be satisfied that our analysis of your current statements shows well-organized, proficient payment practices.

This is a no cost, no pressure and no obligation offer to speak with our consultants regarding our programs and services.

***Call - 800-347-1090 X 21 Email - [info@XBSglobal.net](mailto:info@XBSglobal.net)  
or visit us on the web  
[www.XBSGlobal.net](http://www.XBSGlobal.net)***