



From the

Heartland Newsroom

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Slim Down Your Statement: Prevent Needless Charges for Card Transactions

When you review your card processing statements, do you find sometimes you are left scratching your head about the charges incurred? You're not alone. Many business owners get frustrated with unexpected charges and hard-to-understand statements.

One of the simplest ways to prevent that frustration is learning where some of these charges come from ... and how to avoid them.

Watch Your Batch

Both Visa® and MasterCard® have strict timelines for settling transactions — also known as “batching” — through their systems. In most cases, transactions need to be cleared through the card brands within two days, excluding Sundays and major holidays, to qualify for the most favorable interchange rates.

That means your payment processor has only two days to process your transactions and forward them to Visa and MasterCard ... which, in turn, forward the processed transactions to the issuing bank.

Transactions that don't meet the two-day time period are “downgraded” to a higher rate — which means you actually pay more for them. If you settle your accounts only one day late, it can cost you as much as 0.76% more per retail transaction for Visa transactions and 0.31% more for MasterCard transactions. As more time passes, the fees get even higher — as much as 1.16% more for Visa and 1.12% more for MasterCard. By batching daily, you can save yourself the expense and frustration associated with increased interchange rates.

If paying higher interchange rates isn't reason enough to settle your accounts and terminals at the end of each day, a fine from Visa and MasterCard just might be. In fact, if you don't settle your batch within three business days, and you consistently send in late transactions, you may face a hefty fine. Visa assesses anywhere from \$5,000 to \$50,000 or more for violations considered to be repetitive and willful.

Chargeback Prevention

A chargeback is a dispute initiated by a cardholder or his/her issuing bank requesting compensation for a previous transaction. There are several simple precautions you can take to avoid these unnecessary charges.

To start, always be sure your customers sign the sales receipt and return the signed merchant copy — then verify the signature matches the signature on the back of the card. This includes delivered goods — using delivery confirmation and tracking whenever possible.

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Keep your terminal or point-of-sale (POS) system in proper working order to avoid malfunction or illegible receipts and settle transactions every day. If your terminal malfunctions, complete a voice authorization transaction over the phone, and imprint the card — whenever possible. Collect the authorization number, cardholder address and zip code and obtain the cardholder signature to perform an offline transaction.

If a card is “declined,” do not complete or make a second attempt at the transaction. A “decline” is not an error message — it is an instruction from the card-issuing bank that you are NOT to accept the card for payment. Ask for another card.

If you make an error in the transaction, void the transaction and write “VOID” on the receipt. Inform the customer of the voided transaction and that no charge was made.

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Avoid the EIRF

An Electronic Interchange Reimbursement Fee — or EIRF — is a more costly transaction interchange rate applied by Visa. It may sound positive — a reimbursement always does — but don't be fooled. This "reimbursement" is actually a charge you may see on your statement because a transaction has been re-classified to a more expensive category.

Not all EIRFs can be avoided, but there are ways to minimize your risk. The most common culprits for EIRFs include: retail key entry transactions, card-not-present transactions, travel and entertainment signature cards, late batching, forcing transactions (including voice authorization), improperly cleared transactions and failure to respond to all Address Verification Service (AVS) prompts.

To avoid these bothersome fees — it can't be emphasized enough — batch transactions every day. Not doing so is the most common cause of EIRFs. Some other tips include:

- Clear your transactions correctly
- Do not force transactions or handle them offline unless absolutely necessary
- Enter all AVS information when prompted by the terminal and enter all fields correctly — especially the zip code

In the retail environment it is essential to monitor all fees and charges associated with your credit and debit card transactions. The more you know about and anticipate needless costs, the better position you will be in to avoid them.



Heartland Payment Systems, Inc. (NYSE: HPY), the fifth largest payments processor in the United States, delivers credit/debit/prepaid card processing, gift marketing and loyalty programs, payroll, check management and related business solutions to more than 250,000 business locations nationwide. A FORTUNE 1000 company, Heartland is the founding supporter of The Merchant Bill of Rights, a public advocacy initiative that educates merchants about fair credit and debit card processing practices. The company is also a leader in the development of end-to-end encryption technology designed to protect cardholder data, rendering it useless to cybercriminals. For more information, please visit HeartlandPaymentSystems.com, MerchantBillOfRights.org, CostOfABurger.com and E3Secure.com.

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