



Make Time for A Yearly Payments Checkup

10 Questions to Ask Your Processor

Add one more item to your list of annual checkups - a review of your payment needs. Along with health, insurance and vehicle exams, it is a good idea to make time once a year for a review of your processor and payment agreement.

An annual payments exam with your processing partner can uncover changes that may save you money, or introduce new security procedures to protect your customers and your business. The following are 10 important questions to ask during a review to ensure you are receiving the best return on your investment, and that you are safely operating within industry standards.

Has my business changed?

From changes to your average transaction value to an increase in sales volume, fluctuations in the types of transactions you process may help you qualify you for lower rates. The addition of an online presence or an expansion into new items or services may require updated processing services - and may allow you to offer your customers new ways to pay.

Sometimes simple processing changes can make a big difference, such as ensuring transactions are batched and settled within established timeframes, making sure POS devices and software are properly encoding transactions, or taking advantage of special programs. Discuss any business changes with your processor to ensure you are taking advantage of the best rates and services.

Does your processor understand your business?

Just as you wouldn't call a plumber for an electrical problem, why consult a processor who knows nothing about your business? Your processor should understand your business model, what drives your industry, and offer suggestions to help you grow and succeed.

Is your processor EMV® chip card ready?

Make sure your business is using secure, up-to-date credit card machines to accept payments. Chip-enabled terminals take advantage of the fraud-fighting technology built into EMV cards and may help protect you from card-present counterfeit fraud.

Many newer terminals also allow you to accept digital wallet payments via Near Field Communication (NFC), including Apple Pay™ and Samsung Pay.

Does your processor support Apple Pay™ and other mobile wallets?

Accepting the latest ways consumers want to pay requires a processor willing to invest in research and development while forging partnerships with all players in the payments industry. Your processor should have the industry connections needed to stay on top of new payment developments, the ability to quickly adopt new ways to pay, and the knowledge to help you determine which new consumer payments are right for your business.

Are the rates on your statement the same as outlined in your contract?

Compare your contract with a monthly statement to ensure fees and rates are consistent. If not, ask your processor about the discrepancies.

All processors pay the same rates to the credit card brands to move transactions. (All of the major credit card brands post interchange rates on their websites.) Extra costs lie in the added features a processor offers (e.g., 24/7 customer service, a dedicated representative, flexible equipment rental, industry involvement, years of experience). If you discover additional or inconsistent costs on your statement, ask your processor to explain where all the costs originate, how funds are paid to each of the parties, and why costs are inconsistent with your contract.

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Is customer service available when you need it?

Many businesses today operate 24/7, and the last thing you need is a processing problem outside of customer service hours. Ensure customer service representatives are available during your business hours, not just your processor's.

Also investigate whether your processor offers onsite, telephone or web-based training. Are alternate processing options available in the event of a technical system failure? What is their system reliability track record and client satisfaction rating? These are all important issues to investigate before you need help.

Do you receive regular communication and educational opportunities from your processor?

While a processor's main job is to safely and reliably handle your payment needs, they should also represent your interests in regulatory and security matters - not after regulations have been enacted but when they are in the discussion stage. To do that, your processor should be active in the payments industry, with a hand in shaping the future.

Your processor should also provide regular communication about industry news, regulatory changes, new products and other payments developments that affect your business.

Are reserve funds required?

Processors typically require reserve funds to cover any financial losses in the event you are unable to pay the fees and rates outlined in your contract. The reserve may be funded at the time you sign a processing agreement, or by withholding a percentage of your transaction activity until the fund has reached a predetermined amount. The reserve amount is often based on the risk associated with your business' sales return percentages, chargebacks, plus current and future processing volume.

Do you receive statements and payments on time?

Statements should be timely and available to meet your business needs. Many processors offer online access to real-time transaction information to help you track a wealth of information including fees, batch processing, income and volume.

The time between sales transactions and when proceeds are deposited into your account should be around 72 hours, or (in many cases) sooner. Some processors however may take up to two weeks before releasing funds.

Is your system secure and is support available in case of a data breach?

Tracking payment system threats and the latest technology can be overwhelming for business owners. Your processor should be able to offer information about the latest threats and what you can do to protect your system. Your processor should be chip-card ready and PCI compliant - and they should offer assistance to help your business achieve and maintain PCI compliance. In addition, ask if fraud detection and protection services are included in your contract or offered separately. Make sure you have what you need to protect your customers, your business and your reputation.

Should your exam lead you to begin the search for a new processor, remember, not all processors are equal. Research and evaluate vendors based on your gathered information, experience and need, not just on price. Then choose a payments partner that best meets your requirements. In the end, you will benefit from the effort. To ensure you continue to benefit, set a reminder now to conduct another payments review in 12 months.

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