

# 10 Hidden Credit Card Processing Fees to Watch Out For!

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1. Charging NQ fees for non emv (non chip) cards and foreign qualified cards
  - Occasionally a credit card will not work with the chip and it must be swiped. The Interchange (Processors cost) for these is the same whether as if the chip worked, most processors don't charge extra for these at least one does.
2. Differential is not applied when the Interchange fee is less than the qualified Interchange fee
  - If you are on an "Interchange Differential" program (most common) the differential fee is calculated as the difference between the cards Interchange and 1.42% for Visa and 1.49% for MasterCard. However if the Interchange rate is lower than 1.42% or 1.49% you don't get a credit. The only way to take advantage of lower rates is to be on an "Interchange Plus" pricing plan.
3. Setup & Application fees
  - These vary wildly by processor and by customer. The only real expense to the processor is a \$25 application fee to each Visa and MasterCard. There is some cost to program a terminal but it would be small. These fees range from nothing to over \$800 usually highest when the processor is offering some gift for signing up.
4. Non qualified fees on card not present transactions
  - If you accept credit cards by phone or online you are doing "card not present transactions". These attract higher Interchange rates and thus differential fees and "non qualified" fees. There are ways to defer some of this by using "recurring payments".
5. Refunds are charged 3 different ways
  - Most businesses don't realize this but there are 3 ways to charge fees on refunds and this is not disclosed on any contract that I have seen. You can be charged discount fees on every refund, only on the original sale or in some cases if you know to negotiate it not at all, some of the fees from the original sale can be credited back when a refund takes place.
6. Some companies mark up brand/assessment fees some don't
  - The Brand/Assessment fees paid to Visa and MasterCard by the processors vary by processor, some mark these up some don't. The fee paid to Visa & MasterCard is around .09%

## Contact Info

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7. Some companies charge a separate cancellation fee for Visa & MC
  - At least one processor will give the impression that their cancellation fees is \$250 when in fact it is \$250 for each Visa and MasterCard a fact they make clear when you try to cancel.
8. It is not necessary to have more than one account
  - Many businesses are set up with separate accounts for various reasons adding to monthly fixed fees and minimum discounts. The only time a second account should be necessary is when there is more than one physical location. This includes whether there is or is not 2 or more terminals (wired & wireless), combining a wired or wireless terminal with a Virtual terminal, cell phone attachments or any combination of the above.
9. IDP network fee
  - Some processors charge an "IDP network" fee not a lot usually around \$.007 and there is a network fee from Interac which currently stands at \$.006012. However not all processors charge it. For a complete list of Interac fees [click here](#)
10. Monthly fixed fees
  - There are a lot of different fees here charged by processors the only consistent ones are an "admin" fee usually between \$5 and \$15 and a PCI compliance fee from \$5 to \$50. The later is usually to pay for a compliance service but some processors charge it without providing the service.

Bottom line is you need to know your bottom line costs salespeople put a lot of emphasis on MDR (Merchant Discount Rates) and NQ (non qualifying) fees. These are often just the tip of the iceberg. Never accept a free fee comparison is being accurate to assess your bottom line costs always check the contract before signing (read it all there are lots of places for fees to hide) and make sure there are not surprises.

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