

# How To Deal With Cold Calls

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It's that time of year again MasterCard and Visa are making rate changes which means for most businesses their credit card processing accounts can be cancelled without penalty. The claims made by some of the people calling businesses are, however nothing short of nonsense.

Once company claims that businesses are entitled to a 20% to 40% reductions in fees because Visa and MasterCard have reduced their "prime lending rates". First Visa and MasterCard do not lend money thus no lending rates, they do however determine "Interchange rates" paid to card issuing banks. Some of these rates (not all) are being reduced on average .05% so a MasterCard that attracts a 1,49% interchange fee will be reduced to 1.44% or 3.47% hard to understand how they get to 20% to 40%.

Another company claims they are a processing "broker" and are able to offer "wholesale" rates at big savings compared to the "retail" rates you are now paying. I had an extensive conversation with one of these people and needless to say they were not able to justify the claim. Fact is the costs for credit card processing are the same for everyone until you get to \$500 million in volume then the interchange rates go down. However that doesn't mean you can get a bunch of businesses together to achieve that volume, those rates are reserved for the Walmarts and Best Westerns of the world.

So what can you do to be assured you are getting the best possible credit card processing rate?

1. Know how your current rate compares to the market rate, if you are like most business owners you don't know how to compare costs. We have prepared an easy no cost, no obligation spreadsheet app for readers of this publication [see below for details\\*\\*](#).
2. If you decide to work with someone cold calling you ask for a "non-disclosure agreement" before sending a statement to them.
3. Before changing processors make sure you can cancel the old one without penalty. Penalties can range from \$250 to the thousands. We are currently defending a client that is being sued for \$3500 in cancellation fees because they depended upon a salesperson to "take care of it".
4. Equipment is also a factor when you cancel, if you do not have rental fees on your statements it usually means you have leased or purchased your credit card terminals. According to the code of conduct for the industry leases are included and can be cancelled "without penalty". However, saying and doing are two

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different things we are currently fighting for two businesses who cancelled but did not take their leased equipment into consideration.

5. If you decide to change make sure all the proper notices are sent out and that PAD agreements are cancelled. We recently helped a client recover \$2400 in fees deducted after their contract was cancelled.
6. Don't believe the hyperbole you hear from salespeople and call centres like sergeant Friday said "The fact just the facts". Educate yourself on the industry or work with someone you trust and is knowledgeable on the industry. If the person giving you advice is receiving a referral fee of commission (banks, sales people, some group plans) from the industry take their advice with a large grain of salt.

*\*\*We have set up a spreadsheet with separate instructions for each of the major processors. Just follow the instructions and you can get a good idea of how your current costs compare to industry competitive rates. To get your copy simply go to our web site at [www.smallbizassist.ca](http://www.smallbizassist.ca) and click on "contact us", in the comment section of the form type in "Please send EMDR calculator". You will receive the file plus some promotional material for our company but will not hear from us again unless you contact us, no mailing list no cold calls.*

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