

CREDIT CARD PROCESSING

Identifying the Players and
How WE are Different!

ART LIEBERMAN

President, MCPS for
Campgrounds and
HotelStar PS and
PRODUCER OF THE
EXPO



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Credit Card Processing

How the System works – The pyramid of sales from Credit Card Company to Merchant

Credit Card Processor Overview

The chain of where your money goes when using a credit card.





Interchange

(Credit Card
Companies)

Interchange rates given
to Processing Banks by
Visa, MasterCard,
American Express and
Discover.

- Interchange rates are preset on each card type such as, credit cards, debit cards, rewards cards, gasoline cards, branded cards, etc.
- These rates can run as low as 0.60% on a debit card to 2.3% on a corporate card.
- Each of the credit card companies have their own set of interchange rates and according to law, cannot work with other card companies.



Banks

The 49 direct Acquiring Banks that receive the interchange rates from credit card companies.

- **There are 49 processing banks in the United States called “Acquiring Banks”**
These banks are the “Crème de la Crème” of the credit card industry.
- **Some are: Bank of America; Capital One; Chase; Citi Bank; Fifth Third; Merrick; PNC; Wachovia; Wells Fargo and Woodforest Bank just to name a few.**
- **These banks raise the rates from the interchange rates and pass that onto their sales companies call “ISO”s.**



ISO

Independent
Sales
Organization

- These ISOs can either be sales organizations such as:
Bank of America- BA Merchant Services;
Morgan Chase Banks- PaymentTech.
- An ISO may also be an “Agent Bank” which is a small bank that wishes to appear as if they are actually processing credit cards, but are reliant on the acquiring bank to do the actual processing.
- ISOs hire “Independent Sales Agents” to market credit cards to merchants.



ISA

Independent
Sales Agent

- ISAs are the direct sales company to merchants.
 - They are field representatives, telemarketers, and internet marketing companies.
- In each level of the pyramid shown, the rates are continuously raised from the Interchange Rate for each member of the pyramid to earn commissions. These rates are called “Interchange PLUS” and that “plus” is where banks and their agents compete for your business.



The Merchant

Any hospitality business
or, in fact, anyone
selling any product or
service.

- **These are of course, our attendees here at the Expo. Many of whom do not know that the rates charged by processors are tax deductible and any equipment used to process those transactions are also deductible.**
- **The fact is that there are additional rates other than Interchange Rates; such as transaction fees, monthly fees, PCI compliance fees and a variety of other fees that impact your business' bottom line.**

BUT WAIT!

MCPS FOR
CAMPGROUNDS IS

DIFFERENT

In 2008, Walmart wanted to become a bank, but their request for FDIC was refused by the Federal Government.

Instead, they decided to choose a bank to be exclusive in all of their stores, and charge them higher rents.

They chose, WOODFOREST NATIONAL BANK- Our bank.

Woodforest opened 570 branches in Walmart stores within a few months.

Woodforest is an acquiring bank and 'MCPS for Campgrounds' was an ISA for Woodforest, fourth from the top on the pyramid.

When Woodforest opened branches in Walmarts, they decided to allow agents to deal directly with the credit card companies and to permit the former ISO, MCPS, to service the agents.

That means that 'MCPS for Campgrounds'
deals directly with card companies, Visa,
MasterCard, Discover and American Express.
We receive the interchange rates and control
the mark-up.

This meant that *WE* could beat any rate from
any merchant!

And we DO.

Now MCPS's corporate office services our customers.

But we provide, direct customer service during normal business hours and leave risk management, equipment supplies, programming, maintaining accounts, and trouble-shooting to MCPS's corporate office.

So...

We have the best rates, best service, our own virtual terminal, and we:

- *Suspend accounts when they are seasonal.
- *Furnish the newest equipment at competitive prices. We also sell ATMs.
- *Have our own point of sale terminal.
- *Furnish a website to each customer for account maintenance and PCI compliance.
- *And we can process credit cards through terminals, computers, tablets, or smart phones.

What more
could you ask
of a processor?

