

# MERCHANT NEWS

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## Top Stories



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## Understanding Network Fees



Each month, Visa charges the University a network fee for card not present (CNP) and card present (CP) transactions. Any merchant ID that processes at least one CNP or CP transaction will see this fee on their merchant statement the following month.

For Card Present (CP) merchants, the Visa Network Fee is calculated based on how many CP merchant locations the University has. However, Card Not Present (CNP) merchants are charged the Visa Network Fee based on total Visa sales volume.

If a merchant processes both types of transactions, they will see charges for CP and CNP fees on their statement. Card present fees cost about \$4 and card not present fees range from \$8-\$20.

These networking fees make up a large portion of credit card fees for merchants with lower or infrequent sales. Campus merchants can lower their processing costs by sharing a merchant ID, instead of each department having their own.

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## Can AMEX Save You Money?



Visa, MasterCard and Discover process credit card transactions, but individual banks issue the credit cards and financing. This is why card types (rewards, debit, business, etc.) have different interchange rates and fees are billed to the merchant by transaction.

However, American Express does everything in house. They establish their own interest rates, issue credit cards and financing, and process each transaction. Since AMEX has complete control of their costs, they bill the merchant based on a flat rate.

Currently, NC State merchants pay 2.15% to process American Express. This may sound high, but most merchants pay more to process Visa, MasterCard, and Discover. Once you factor in their processing fees plus interchange, most merchants pay between 2.25%-2.75% in processing fees. If your overall credit card rate is above 2.15%, choosing to accept American Express could lower your rate.

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## The Cost of Chargebacks



Chargebacks occur when a cardholder disputes a merchant's charge on their statement. Many times chargebacks are associated with fraudulent transactions, but sometimes cardholders will dispute a charge if they are not satisfied with the goods received or were over-charged.

Merchants want to do everything in their power to avoid chargebacks. These disputes are not only time consuming, but also very expensive. Merchants not only risk the price of the sale, but are charged a \$10.00 administrative fee for every chargeback initiated. On top of that, if over 1% of the merchant's sales volume results in a chargeback, then they are subject to fines of \$100,000 or more.

Avoid chargebacks by addressing any customer concerns in a timely manor, promptly issuing refunds, and processing all transactions in a compliant manor to deter fraudulent transitions. Never use chargebacks as a way to issue refunds.

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## HigherOne eStore Update



NC State currently has 24 new HigherOne eStores in production, and more coming soon! Since inception this Fall, these merchants have sold over \$60,000.00 in their eStores.

With HigherOne, merchants are only charged for credit card processing fees. There are no hosting or transaction fees, and our campus administrator will build your eStore free of charge.

HigherOne is NC State's new eCommerce solution and must be used by all eCommerce merchants unless an exception is granted. Contact Merchant Services if you are interested in setting up an eStore.

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## Contact Information



For the most accurate and up-to-date PCI- DSS and merchant information, contact Merchant Services.

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