

SAGE PAYMENT SOLUTIONS



Authorized Partner

**"The Most Important
Credit Card Processing
Insider's Report
Ever Written"**



This is the key data that the processing banks do not want you to know.

How to Earn back Thousands of Dollars or More by Eliminating Much of the Bank's Profit on Your Merchant Service Credit Card Processing Fees.

A must read for all businesses....

What Will Reading this Insider's Report do for YOU?

Bottom line, you'll learn about some of the secrets, tactics and other important details about card processing that most banks don't want you to know, because once you do, you'll be able to convert much of their profits back into your own pockets. Learn how many businesses get double charged the fees on credit card returns, how you're getting way, way, **WAY** overcharged on "Visa and MasterCard Rewards Cards" and how to combat this. Also find out how to use a PIN Pad to eliminate a large chunk of your processing costs. There's that and more.

Take control back from the banks - read this report!!!

Most clients of mine have saved thousands of dollars by reading this report. My name is Rick Garboski, C.E.O & President of Sage Payment, and a merchant advocate of the merchant service industry that's served more than 4,200 businesses since our inception.

Here it is - if you're like most business owners, you don't have time to monkey around with credit card processing companies. You probably have at least two or three of these guys call you every year trying to get your credit card processing business. Just offering a mere monthly savings is not too appealing, but the reality is that a few of these reps, THE best of the best, know how to significantly impact your bottom line - not only with reduced expenses on card processing services - but also with value enhancing services that most business owners never take advantage of because their sales rep never took the time to explain them or didn't even understand them themselves.

So, I'll tell you more about how to find out about these important value added services and how to increase your net income by thousands.

1. Let's First Cover Your "Rate":

The supposed "Rate" you receive from your processor or bank means little or nothing- Seriously!

Some companies advertise rates as low as 1.49%, or even lower. In many cases, these rates offered are actually below the combined average cost for that

company for a Visa or MasterCard transaction. How or why can they do this? Simple, it's called surcharges. In some consumer advocate circles it's simply called **BAIT AND SWITCH**. You may be familiar with some of these surcharge terms: "Mid-Qualified", "Non-Qualified", "Card Type does not meet Qualified specifications", "Downgrades", "Rewards Card", "Rewards Card 2", or even "Corporate Card".

The real rate you pay is a conglomeration of several factors including the "Qualified Rate", surcharges, transaction fees, batch fees, annual fees, monthly fees, "Rewards Card Fees", and numerous other fees that most business owners don't even have the time to learn.

You may have a "Qualified Rate" of 1.59% but really be paying an effective rate (meaning all charges combined on total volume) of 3.25%, usually more and not even know it. What if you could be paying an effective rate of 2.25%, clearly one percent less each month? Do the math. If your volume is \$50,000 per month- **that's \$500 per month-\$6,000 per year in your pocket**- and it probably took you \$3,000 to \$5,000 in sales to generate an offset to that \$500 per month to pay the overcharged fees!

Now that you have a better understanding about rate, let's talk about other factors and I'll tie all this together for your understanding at the end of this report (don't read ahead or you won't get it).

Monthly Statements:

If you're one of the lucky ones, you have a statement from a service provider that you can actually understand or at least that provider or bank was kind enough to provide you with a guide to be able to read the statement. However, most companies will provide you with a statement that's not only difficult for you to understand, but also difficult for a seasoned professional bankcard rep to understand. There may even be hidden data or omitted data on rates, so as to make it difficult for you or anyone else to analyze and compare your current fees to what's available. If you have one of these statements, I can assure you that you're overpaying and probably by a fair amount. You need to quickly get an analysis and all of the information.

Remember, cost reductions are **100%** bottom line profits in any business.

Too Many Fees On Statement-Not an Issue (Usually):

Just because one provider has many more fees than another, does not mean they charge more. Remember, it's the effective rate that counts. How do you

figure the effective rate? Simply add up all charges associated with card processing including monthly fees, annual fees, etc., and divide the total by your total volume. Don't be concerned just because a service provider has more fee categories. But get educated by a professional as to what the categories are and if the charges are valid and fair.

Some providers show all fees and charges separately in each category as a way of fairly pricing their services. When you see separate rates and transaction fees, this formula of pricing is known as "unbundling" and usually provides you with better breakdown on what rates you are being charged.

Surcharges-Where Most Merchants Get Just HAMMERED!

When you see those little added charges called "mid-qualified", "non-qualified", "Rewards", or things like "Card Specifications do not meet requirements for qualified" (etc., and so on) that's where your great rate becomes not so great.

Let me give you a fantastic example of this:

REWARDS CARD SURCHARGES-THE NEMESIS TO A BUSINESSES BOTTOM LINE!

Rewards cards came about some time ago because card issuers (banks that provide credit cards to consumers) needed a way to compete with each other for new cardholders and card usage. So these same banks decided to add value to cards with programs like air miles, rebates, loyalty points, prizes, travel and more. These things cost money for the bank to provide. Ultimately, about 2 years ago, both Visa and MasterCard boards (these boards are comprised of the largest banks in the US) determined that by providing rewards on credit cards that essentially they were providing more business for merchants - and they're right! They are providing more business or incentive to buy for the consumer. Visa and MasterCard decided it was time for your business to pay the price so they added new Interchange categories (I'll explain Interchange later) with higher rates to be charged to businesses for each rewards card accepted. Personally, I think that's fair - **but here's how businesses like yours got nailed:**

The average cost difference for a rewards card across the board is only a little less than three quarter of a percent or 0.75%. However, when Rewards Interchange was released, many processors and banks saw this as a license to profit on all of your hard work. So with absolutely NO VALUE ADDED whatsoever, many, and I repeat, many (not all) banks and processors added a significant mark up to this rewards difference. In a lot of cases they charged the same as the non-qualified surcharges. For many businesses this could be 1%, 1.5% or

even close to 2% additional charges on rewards cards, even though the bank or processor is only being charged about 0.75% more. That's a HUGE MARK UP!! Worse yet, for your business, these rewards cards can make up **40%, 60%, 80%** or even more of the transactions you accept, depending on the type of business you have. And it's only getting worse; I mean who doesn't use a Rewards Card these days – that's really all that is offered now and the growing number of Rewards Cards in circulation is staggering.

IF YOU OWN A RESTAURANT, YOU'RE MOST LIKELY GETTING KILLED with Rewards Surcharges. Don't worry; there is a solution to all of this.

What are Interchange Rates?

Visa and MasterCard Interchange rates are the rates that various transactions clear under. Interchange rates are the rates that merchant acquirers pay (your bank or processor). The Interchange rates collected are actually paid to the card-issuing bank. That's why you see so many offers for zero percent interest and no annual fees from so many credit card issuing banks. Even if the cardholder pays the balance each month in full or carries a balance at zero percent, the issuing bank stills makes a profit, which is the Interchange portion (cost) of your merchant fees. On average, this amount is about 1.70% and 10 cents. The actual amount varies based on which Interchange category the transaction cleared under. Actual Interchange rates are determined by several factors: Was the card present and swiped through a terminal, or was the information received by phone or Internet and the transaction data hand entered? Interchange rates for cards issued to consumers are generally less than rates for cards issued to businesses.

Other factors that determine Interchange:

- Domestic-issued cards versus International
- Check Cards versus Credit Cards
- Rates for transactions that clear within a certain time frame versus transactions from batches that are closed after the cut-off period
- Industry specific rates for hotels, supermarkets, car rental, government and others
- Rates for small ticket size convenience transactions
- Rewards card transactions versus standard cards
- Higher Interchange rates are assessed when the card magnetic strip is not fully read - **which can happen with older processing terminals.**

The components of Interchange include a discount rate, a discount per item (transaction fee) and dues and assessments. Dues and assessments are the portion received directly by Visa and MasterCard and not forwarded to the card issuer. Dues and assessments comprise less than one tenth of one percent on each transaction. All together there are more than 200 various Visa and MasterCard Interchange categories in the US. The average merchant will clear transactions in fifteen to twenty different categories.

What are "Mid-Qualified" and "Non-Qualified" Surcharges?

In order to understand both mid-qualified and non-qualified surcharges you first have to know what "qualified transactions" are. Qualified transactions are defined differently for different types of businesses, but are generally grouped into a class of business. Let's use a typical retail store as an example (this example would apply to many types of retail businesses such as computer stores, appliances stores, furniture stores, clothing, gifts, record stores, etc.).

A qualified transaction would be the discount rate and transaction fee set charged to the merchant by their bank or processor based on a specific group of Interchange categories. In the case of a retail store, the qualified rate would be based on Interchange categories for domestically issued consumer credit cards (NOT Rewards Cards) and check cards whereby the card was present and swiped through the terminal with all data being read from the card and the batch was closed within a specified cut-off period. This rate would be priced based on Interchange rates, Interchange per Item, Dues and Assessments, Processing costs for authorizing the transaction and settling the funds plus the mark up charged by the bank or processor. Let's say the rate charged to the retail store is 1.89% and 25 cents. That total rate and transaction fee set are charged for the "qualified" sales as defined above.

Now suppose someone orders an item by phone and provides a card number. The merchant hand-enters the transaction. Because the card was not present, this transaction falls outside the qualified category. The Interchange fees charged to the bank or processor will be higher than those charged for card present "Swiped" transactions. The bank or processor will then pass along the cost difference, AND ADDITIONAL MARK UP IN MOST CASES.

What this means is that you, the merchant, will pay not only their cost difference but a higher amount of profit to the bank or processor. For example, suppose the cost difference to the bank for a hand-entered transaction versus a swipe transaction is 0.75%, but rather than charge you the 0.75%, you're charged an additional 1.50% instead for that transaction. This means the bank pockets an additional 0.75% on all of these transactions, NOT ONLY ARE YOU PAYING FOR THE DIFFERENCE IN INTERCHANGE PLUS THE BANKS ORIGINAL MARK UP -

YOU'RE ALSO PAYING EXTRA MARKUP FOR ABSOLUTELY NO ADDED VALUE OR SERVICE!

Large retailers and restaurant chains know all about this and insist on a specific type of pricing that passes along Interchange plus a specified amount of mark up from the bank. Regardless of what Interchange category the transaction clears under, the bank's mark up is exactly the same in their case. Some of these companies have full time managers just to oversee their credit card processing programs. In the case of larger companies, they always get favorable rates not necessarily because of their size, but because of their knowledge!

Now, the difference between a mid-qualified and non-qualified transaction simply has to do with cost. For each of these, there may be several Interchange categories. Rather than confuse the client, the process is oversimplified by grouping the lesser Interchange differences into a mid-qualified category, and then taking the more expensive Interchange differences into non-qualified. Therefore, your mid-qualified surcharges are less than your non-qualified surcharges.

Although Rewards Card Interchange cost differences (over and above qualified transactions) are generally not as much as mid- or non-qualified cost differences, many banks and processors decided to charge their merchants either the mid-qualified or even the full non-qualified surcharges - what does this mean if you are like most independent business owners? **It means yet again you are paying the bank even more extra mark-up for a "no value added" service.** The categories that downgrade to mid-qualified and non-qualified are different from one service provider to the next, and in fact, these terms (mid- and non-qualified) are not originated terms by Visa and MasterCard. Keep reading because we have a great solution for you.

Merchant Pitfalls:

If a company soliciting your business is either a bank or registered ISO (Independent Sales Organization) also known as an MSP (Member Service Provider) with Visa and MasterCard, then you can be assured that they have to follow very strict security requirements. It's safe to provide your merchant statements in order to get a true analysis of savings. Beware of companies or independents that are not registered directly with Visa and MasterCard and do not represent a registered entity. You can always find out by asking what bank sponsors their company.

One **of the big pitfalls that merchants get into is** getting too significant about sharing their statement information with a legitimate company that wants

to help them identify overcharges and reduce the cost of card processing. Often times the business owner tells the sales representative that they are not willing to provide statements, but that they want the sales representative to quote them a rate. If you're a business owner, this is the equivalent of performing brain surgery on yourself. **DON'T DO IT.** If you're concerned about the legitimacy of the company you can always check them out, but if they're a legitimate company with a good performance track record and you want to save money, send a few statements with all pages. The data will not be shared with any outside agency or they risk losing their license to represent Visa and MasterCard, which would be a substantial loss for many companies.

Without your exact statements, a qualified sales representative can never give you a valid quote to you. This is based on the fact that every processor charges differently, and each and every merchant has a different mix of volume, average ticket, and most importantly Interchange categories. There's no way to pinpoint the exact savings without your statements and even with them, anyone providing a comparison and quote is at the mercy of your current processors statements and the data provided on them.

These Next Two are Worth Reading this Entire Report:

The Oldest Trick in the Book of Credit Card Processing:

How would you like to pay double the discount and transaction fees for sales you never did? How about paying discount and transaction fees not only for a sale that was just made, but you also pay again when the sale is returned?

That's right - got you once, got you again.

This happens often in our industry and I can even tell you who some of the companies are. These companies have the option to charge you the same fee for a return that you were just charged on a sale. That means the client bought from you and you paid merchant fees. Then the client returned the item for a refund to their credit card, and you were charged the same fees again. I know it's disgusting, but there are companies that do this to their merchants, and they cleverly hide these fees on statements in such a way that even a merchant that is looking for them might not find them.

Run away very fast from processors that do this to you. It tells you one thing - these companies are not in business to serve their clients - only themselves!!!!

The Multi-Billion Dollar Secret that Most (if not all) Card Issuing Banks Hope You Never Learn:

Fight Back With a Pin Pad!

That's right. This small add-on device, peripheral - whatever you want to call it, has saved savvy business owners millions and millions of dollars collectively on fees. A big fight over this one issue is what caused the giant retailer Wal-Mart and a few others such as Safeway to win a lawsuit valued at over \$3 billion over Visa and MasterCard.

Here's How This Works:

Take your check card out of your wallet. Really, do this while you're reading. If you don't already know this you're going to learn something EXTREMELY VALUABLE. And, by the way, the higher your average transaction size, the more valuable this data! So take that card out of your wallet. Got it? OK. Now look at the front. You probably have either a Visa or MasterCard symbol on the front. Now make absolutely sure this is a check card you're looking at - not a credit card. It's also known as a debit card, or check guarantee card. Now look at the back. You'll see a few symbols there that might be familiar to you; these symbols will show two additional types of networks which are an ATM Network, the network used for getting cash from an automated teller- and more importantly- a PIN DEBIT NETWORK, also known as an ON-LINE DEBIT NETWORK.

You see, these cards perform three functions, they act like a credit card, and when used as such, you, the merchant pay rates based on normal Visa and MasterCard Interchange Rates. Next, they of course are used to access cash. And, lastly, they are used to perform transactions at the point of sale (like your business) using a PIN PAD and settling through PIN Debit networks such as Interlink, Star, NYCE, Maestro, Honor, MAC and others.

When cards are processed via the pin debit networks, the following happens: transaction fees are higher, but the discount rate is significantly lower, and best of all the total cost of discount and transaction network fees are capped off - at an unbelievably low amount - the national average being \$0.58.

THAT'S RIGHT, a MEASELY 58 CENTS!

If that's not a secret worth spending a few minutes reading this report for, then put it down now, throw this report away and pretend nothing happened. Or, if you're not quite sure what all this means - Here's an Example:

A cosmetic dentist has an average transaction amount of \$250 and an average monthly volume of \$30,000. A patient pays the fee with a check card. The dentist performs one of the following transactions:

Transaction Example A: Check Card run as Credit Card Type Transaction:

Rate: 1.90% + 25 cents: $\$250 \times 1.90\% = \$4.75 + 25 \text{ cents}$, or **\$5.00** for this transaction.

Transaction Example B: Check Card run as PIN Debit Transaction:

Rate: $\$0.58 + 25 \text{ cents} + 0.25\% \text{ Bank Mark Up} = \$250 \times 0.25\% = \$0.625 + \$0.25 + \$0.58 =$ **\$1.46 for the same transaction!**

Sure, this looks complicated, but remember this: Effective Rate and Total Cost

So, in this example, the dentist saved \$3.54 on one transaction! Now let's look at the compounding effect if only 30% of the dentist's transactions are on check card:

$\$30,000 \text{ divided by } \$250 \text{ average} = 120 \text{ transactions} \times 30\% = 40 \text{ transactions} \times \3.54

Monthly Savings: \$141.60

Annual Savings: \$1,699.20

5 Year Savings: \$8,496.00

(Properly invested this can pay for one kid's college)

How do you get your customers to use the PIN Pad? - That's yet another trick. You didn't think we'd tell you everything did you? - You'll have to call us and ask- but we'll tell you because we want your business.

Here's our guaranteed offer:

Sage Payment has served more than 4,200 businesses, so we know how to do this. I'm the President, and I didn't hire some top gun marketing guy to write this because I wanted to communicate directly with you. I really **do** care about my customers, and if you're a local business in the Conejo Valley, I'll meet you in person.

I wrote this report for you because I'm one of you. I'm also a merchant and I care about how to treat customers. Like you, I also want to grow my business. My strategy - TREAT YOU RIGHT! Not only will you stay my client, but I'm sure that you will send referrals to me as well.

I don't care what size you are- no merchant is too small or too big for me to educate you on how to save your valuable money. We have put together a great merchant program - it's actually the same Interchange Plus Program that the "BIG" Fortune 500 companies get. By joining up with my company, you pay a specified mark up over Interchange. You'll always know how much we're making, and if you ever believe it's not fair you can tell us.

Our plans are based on your volume and include options with the following:

- No Annual Fees
- No, REPEAT-NO hidden surcharges
- No EXTRA heavy Mark ups on downgrades

A written Service Guarantee:

Just for calling we'll do the following:

- Provide a Free Analysis of overcharges
- Provide a Free Business Analysis and show you how adding a few KEY transaction services will increase your bottom line
- Provide you with a great quote and show you the actual savings moving forward
- How to Market to New Businesses (if you're B to B),
- How To Get a Much Needed Cash Advance On Future Card Transactions - Anytime You Want
- And a lot more...

If you like what we can do, you will qualify for one or more of the following premiums:

Even if you have a brand new business, you'll qualify for our guarantee. The best part is that you'll have a merchant service provider that will work hard for you and the health of your business. This is just one of many valuable assets you'll see from us if you're a client.

Now, I hope you see how I tied this altogether. With Interchange Plus pricing, you get priced like the BIG BOYS - with a PIN Pad you're going to greatly reduce your fees and with the information you have about surcharges, no merchant service provider will ever be able to take advantage of you.

So, how do you make a thousand dollars in ten minutes? Well, if you read this report in ten minutes, that's half the battle. The rest is up to you. Pick up the phone, call us at:

Toll Free: (877) 514-1400 Local: (805) 413-1030

Let us provide you with the savings analysis and also the free business analysis to show you how to cut costs and grow your bottom line with our services. We guarantee we can show you at least \$1,000 in combination of increased profits and decreased costs.

SAGE PAYMENT SOLUTIONS



Authorized Partner

Sincerely,

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Member-Better Business Bureau

Sage Payment Solutions is a registered agent of Harris Bank, Chicago, IL. SBC
FDIC Insured

PS: I wanted you to have a copy of our written service guarantee, but you don't have to take my word for it. You can check us out with the Better Business Bureau where you'll find that we have a terrific record of service.

SERVICE GUARANTEE CERTIFICATE

I understand how important that you, my fellow business, get excellent service. Because you are putting your trust in us, when you switch your service to Sage, here is my personal and professional guarantee to you:

**We'll serve you better than your current provider.
We'll respond to your issues promptly
We'll provide you with reliable information and solutions
You'll for certain, understand your charges better
We'll completely answer any questions that you may have
We'll put you in the program best for you, not best for us
We'll reduce your risk of fraud and chargebacks**

If you are not happy with the way in which we service your business after 90 days, my guarantee is this: Just say the word and we will assist in switching you back to your current provider at no cost to you.

WE WILL DO WHATEVER IT TAKES TO SATISFY YOUR NEEDS

That is my guarantee to you: Important information, education, Interchange plus pricing, and prompt service.