5 Ways Payment Acceptance is Eating Your Profits

CostBox CONSULTING

High Processing Fees

Many payment processors charge high processing fees, which can significantly impact your bottom line. These fees can be a fixed amount per transaction or a percentage of the transaction value.

Solution:

Work with a company that can help you better understand the processing fees you are paying and negotiate your rates.

Hidden Fees

Some payment processors may have hidden fees that are not clearly communicated upfront. These hidden fees can include setup fees, monthly fees, statement fees, or PCI compliance fees.

Solution:

Monitor your fees closely. If you do not receive a detailed statement, you may need to reach out to your processor to receive a detailed file which would include ALL of your fees.

Passthrough Fees

Passthrough fees should be the same for everyone. These fees should be watched closely to ensure that the processor is not marking up these fees. Certain card types can qualify for lower costs with level 2 and level 3 optimization.

Solution:

Work with an expert who can help verify your rates and help you achieve this optimization.

Equipment Costs

Investing in payment processing equipment, such as card readers or point-of-sale systems, can be costly. Upgrading or replacing outdated equipment can also add to your expenses.

Solution:

Review your equipment agreement. Many times there are chances to save on equipment costs.

Chargebacks and Fraudulent Transactions

Chargebacks and fraudulent transactions can lead to financial losses for your business. Chargebacks occur when customers dispute a transaction, and you are responsible for refunding the amount. Fraudulent transactions involve unauthorized use of credit card information.

Solution:

The cost per chargeback can often be renegotiated with your processor. You could also implement robust fraud detection measures, train your staff on fraud prevention, and work with payment processors that offer chargeback protection and fraud prevention tools.

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