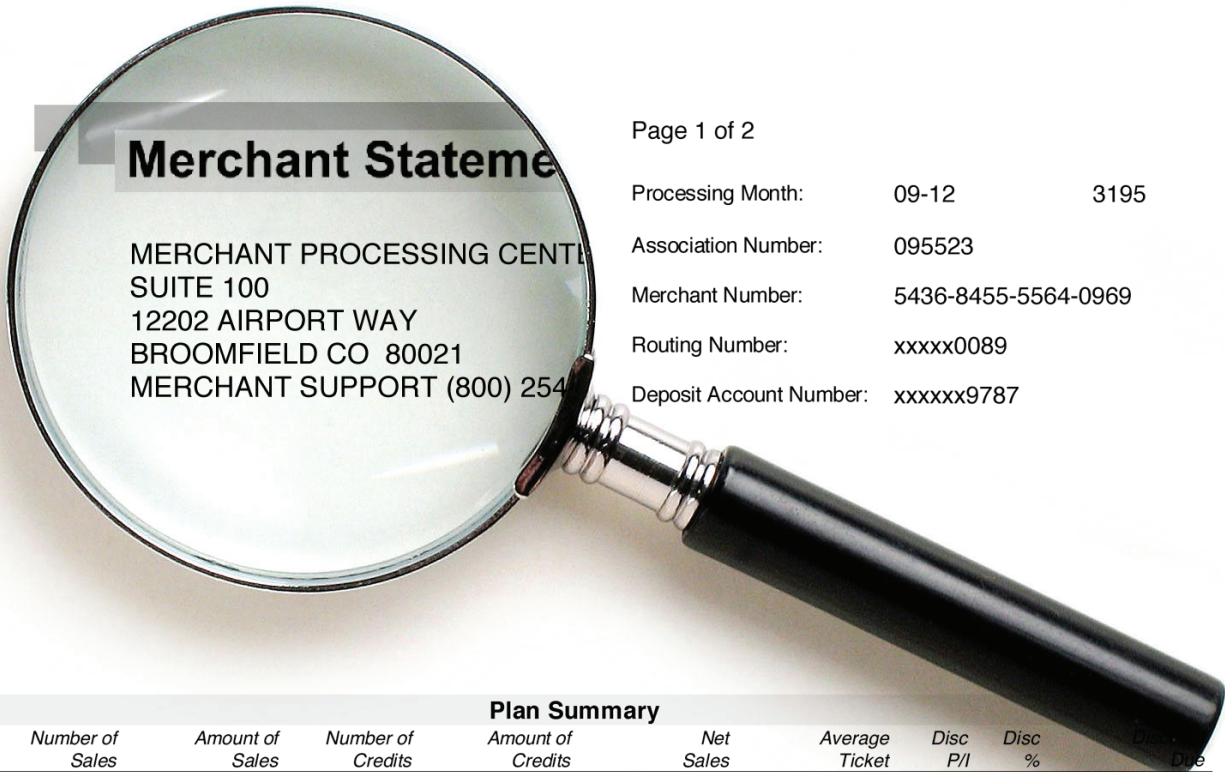
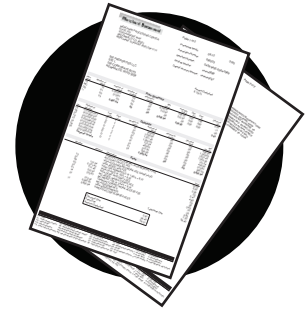


HOST
MERCHANT
SERVICES



SPECIAL REPORT

UNDERSTANDING YOUR MERCHANT STATEMENT



Merchant Statement

MERCHANT PROCESSING CENTER
SUITE 100
12202 AIRPORT WAY
BROOMFIELD CO 80021
MERCHANT SUPPORT (800) 254

Page 1 of 2

Processing Month: 09-12 3195
Association Number: 095523
Merchant Number: 5436-8455-5564-0969
Routing Number: xxxxx0089
Deposit Account Number: xxxxxx9787

Plan Summary

Plan Code	Number of Sales	Amount of Sales	Number of Credits	Amount of Credits	Net Sales	Average Ticket	Disc P/I	Disc %	Disc
VS	10	5,392.97	00	.00	5,392.97	539.30	.000	.050	2.70
MC	01	212.97	00	.00	212.97	212.97	.000	.050	.11
DS	00	.00	00	.00	.00	.00	.000	.000	.00
**	11	5,605.94	00	.00	5,605.94	509.63			2.81



877.517.4678 phone
888.535.7463 fax

250 Corporate Blvd. Suite L
Newark, DE 19702

www.hostmerchantservices.com

TABLE OF CONTENTS

The Importance Of Analyzing Your Statement	3
The Anatomy Of Your Statement	4
Part 1	5
- Processor and Merchant Information	
Part 2	6
- Transaction and Deposit Summary	
Part 3	7
- Fee Breakdown	
Part 4	10
- Summary and Announcements	
Glossary	11

WHY IT'S IMPORTANT

Reading and understanding your monthly merchant processing statements can be difficult or confusing. The industry itself is filled with complicated figures and fees, strung together through each transaction. There are buzzwords and specific language chosen by both federal laws and the credit card associations themselves that don't make it apparent what the statement contains. Add to that morass a layout or design to the statement that is overbearing or text-heavy, and many merchants find themselves lost or puzzled by what is presented to them each month.

Host Merchant Services is about bringing trust to the payment industry. We deliver personal service with clarity. We believe that when you get your statement every month you should understand every item and it should match what you were promised in the sales process. Being able to read and understand your merchant account processing statement is crucial to maintaining the best merchant account for your business -- and Host Merchant Services is here to provide that insight.

This special report explains how to correctly read and understand your merchant processing statements.

HMS Statement

Plan Code	Number of Sales	Amount of Sales	Number of Charge	Amount of Charge	Net Sales	Average Order	Days	Disc %	Discount Rate
05	10	5,392.97	00	00	5,392.97	539.297	000	000	2.70
MC	01	212.97	00	00	212.97	212.97	000	000	11
DS	00	00	00	00	00	00	000	000	00
**	11	5,605.94	00	00	5,605.94	509.63	000	000	2.81

Number	Amount	Description	Rate
		TRANSACTION NETWORK ACCESSIBILITY FEE	18.00
		ACCOUNT ON FILE FEE	5.00
		VISA ACQUISITION NETWORK FEE (FAM)-AUG	2.00
13		VISA ASSOC APP FEE	2.25
01	121.54	VISA US MERCH @ 2.50% + \$10	2.47
09	5,071.43	VISA US MERCH @ .25% + \$22	4.02
08	212.97	VISA US MERCH @ .25% + \$22	2.00
01	212.97	MC ASSOC. MERCHANT SERVICE FEE	3.00
01	212.97	MC MERCH LDR @ 1.54% + \$16	3.65
14		TRANSACTION NETWORK ACCESS FEE	7.00
01	212.97	MC ASSESSMENTS	2.00
11	5,605.94	VISA ACQUISITION NETWORK FEE	5.00
		Total Fees Due	1.33
		Amount Due	2.91
		Fees Due	36.40
		Amount Deducted	39.31

Generic Statement

Page	Description	Amount
4	Total Amount You Submitted	\$14,470.66
5	Third Party Transactions	\$2,050.96
5	Chargebacks/Reversals	0.00
6	Adjustments	-\$1.39
6	Fees Charged	-\$403.08
	Total Amount Processed	\$12,015.23

Please Note: While this information specifically illustrates the Host Merchant Services statement, keep in mind that much of what is shown here will clarify the statements of other processors as well. Each provider may have a slightly different layout to their statements, but all statements follow the same general guidelines. Some providers offer more detailed statements than others. The more detailed a statement is, the easier it will be to read and decipher.



THE ANATOMY OF YOUR STATEMENT

To get a clear understanding of the individual elements on your **Host Merchant Services Monthly Merchant Statement**, we are going to break it down into four separate parts:

Merchant Statement

MERCHANT PROCESSING CENTER
SUITE 100
12202 AIRPORT WAY
BROOMFIELD CO 80021
MERCHANT SUPPORT (800) 254-7171

SPATULA CITY
1313 MOCKINGBIRD LN
TWIN OAKS NY 10304-5106

Page 1 of 2

Processing Month: 09-12 3195
Association Number: 095523
Merchant Number: 5436-8455-5574-0041
Routing Number: xxxxx0102
Deposit Account Number: xxxxx2942

Amount Deducted:
\$ 512.07

PART ONE

This is the top section of your statement, containing contact information, account numbers and the time period reflected in the statement's transaction data.

Plan Summary

Plan Code	Number of Sales	Amount of Sales	Number of Credits	Amount of Credits	Net Sales	Average Ticket	Disc P/I	Disc %	Discount Due
VS	600	16,529.65	00	.00	16,529.65	27.55	.000	.250	41.38
MC	109	2,640.94	00	.00	2,640.94	24.23	.000	.250	6.62
DS	11	2,186.95	00	.00	2,186.95	198.81	.000	.250	5.47
**	720	21,357.54	00	.00	21,357.54	29.66			53.47

Deposits

Day	Reference Number	Tran Code	Plan Code	Number of Sales	Amount of Sales	Amount of Credits	Discount Paid	Net Deposit
03	90001357015	D	T	42	1,267.80	.00	.00	1,267.80
03	90001367082	D	T	21	651.40	.00	.00	651.40
03	90001377129	D	T	22	652.35	.00	.00	652.35
05	90001387169	D	T	14	332.25	.00	.00	332.25
06	90001397210	D	T	23	661.50	.00	.00	661.50
07	90001407261	D	T	24	596.95	.00	.00	596.95
10	90001417330	D	T	40	1,046.20	.00	.00	1,046.20
28	90001060255	D	T	29	749.40	.00	.00	749.40
Deposit Totals				720	21,357.54	.00	.00	21,357.54

PART TWO

This part of your statement summarizes the transactions processed on your account and details exactly what the deposits were to that account.

Fees

Number	Amount	Description	Total
		ACCOUNT ON FILE FEE	10.00
		VISA ACQUIRER NETWORK FEE (FANF)-AUG	2.00
613		VISA ASSOC APF FEE	11.95
09		VISA MISUSE OF AUTHORIZATION SYSTEM FEE	.41
33	352.26	VISA CPS/SML TKT DB @ 1.55% + \$.04	6.78
07	257.45	VISA CPS/RESTRNT CR @ 1.54% + \$.10	4.66
153	4,988.50	VISA CPS/RESTRNT DB @ 1.19% + \$.10	74.66

Fees - continued

Number	Amount	Description	Total
10	227.15	VISA CPS REWARDS 2 @ 1.95% + \$.10	5.43
08	142.50	VISA SIG PREF ELEC TRVL @ 2.40% + \$.10	4.22
01	14.50	VISA BUS ENH ELTRVL @ 2.75% + \$.15	.55
01	8.00	VISA SML TKT PP @ 1.60% + \$.05	.18
109	2,640.94	MC ASSESSMENTS	2.91
	16,529.65	VISA ASSESSMENTS	18.66
720	21,357.54	V/MC/DS KILOBYTE/BASEII FEES	18.66
Total Fees Due			458.60

PART THREE

This part of your statement, which tends to be the largest, details the fees charged for processing transactions. Because Host Merchant Services uses Interchange "Plus" pricing, the majority of the fees here are Interchange pass-through fees charged by the card associations.

Discount Due	53.47
Fees Due	458.60
Amount Deducted	512.07

VISA, MASTERCARD, AND DISCOVER ASSOCIATIONS HAVE ANNOUNCED MODIFICATIONS TO THEIR CURRENT INTERCHANGE RATES AND HAVE INTRODUCED SEVERAL NEW INTERCHANGE PROGRAMS. WE ARE VERY PLEASED TO ANNOUNCE NO INCREASE TO BASE DISCOUNT RATES. ASSOCIATION CARD PROGRAM CHANGES WILL BE INCLUDED IN YOUR CURRENT RATES OR ADDED TO NON-QUALIFIED CATEGORIES AS APPLICABLE EFFECTIVE OCTOBER 1ST, 2012. WE THANK YOU FOR YOUR BUSINESS AND WE WILL CONTINUE TO WORK HARD TO MINIMIZE THE IMPACT OF THESE CHANGES TO YOUR MERCHANT ACCOUNT.

PLAN CODES		TRANSACTION CODES	
VS -VISA	MC -MASTERCARD	DS -DISCOVER	JC -JCB
VL -VISA LARGE TICKET	ML -MASTERCARD LARGE TICKET	DD -DISCOVER DEBIT	AM -AMERICAN EXPRESS
VD -VISA DEBIT	MD -MASTERCARD DEBIT	DZ -DISCOVER BUSINESS DB -DEBIT	1 -PLAN ONE
VB -VISA BUSINESS	MB -MASTERCARD BUSINESS	DJ -DISCOVER JCB	2 -PLAN TWO
VS -VISA CASH ADVANCE	MS -MASTERCARD CASH ADVANCE	EC -ELECTRONIC CHECK	3 -PLAN THREE
		EB -EBT	B -CHARGEBACK REVERSAL

PART FOUR

The final part of your statement summarizes the above parts' calculations, and also provides the area for announcements related to your account.



PART ONE OF YOUR STATEMENT

To get a clear understanding of the individual elements on your **Host Merchant Services Monthly Merchant Statement**, we are going to break it down into four separate parts:

Merchant Statement

MERCHANT PROCESSING CENTER
SUITE 100
12202 AIRPORT WAY
BROOMFIELD CO 80021
MERCHANT SUPPORT (800) 254-7171

Page 1 of 2

1 Processing Month: 09-12 3195
Association Number: 095523
2 Merchant Number: 5436-8455-5574-0041
3 Routing Number: xxxxx0102
4 Deposit Account Number: xxxxx2942

6 SPATULA CITY
1313 MOCKINGBIRD LN
TWIN OAKS NY 10304-5106

5 Amount Deducted:
\$ 512.07

-
- 1** The month reflected in the statement.
 - 2** Your Merchant Identification Number or MID. This is a unique number we use to identify your account. Having this number handy when calling support can assist us in helping you quickly. It is also printed on a sticker on the side of your terminal if you use a physical point of sale device.
 - 3** The routing number associated with the bank account where we deposit your funds and deduct our fees.
 - 4** The bank account number where we deposit your funds and deduct our fees.
 - 5** The total amount of fees we charged for this billing statement. You can find out your **Effective Rate** by dividing this number by your gross sales (which are found below in Part 2, Number 10).
 - 6** The address where we mail your statements. With **Host Merchant Services**, this can be your legal address, DBA address, or another address of your choosing.

PART TWO OF YOUR STATEMENT

7 Plan Summary

Plan Code	Number of Sales	Amount of Sales	Number of Credits	Amount of Credits	Net Sales	Average Ticket	Disc P/I	Disc %	Discount Due
VS	600	16,529.65	00	.00	16,529.65	27.55	.000	.250	41.38
MC	109	2,640.94	00	.00	2,640.94	24.23	.000	.250	6.62
DS	11	2,186.95	00	.00	2,186.95	198.81	.000	.250	5.47
**	720	21,357.54	00	.00	21,357.54	29.66		.15	53.47

Deposits

Day	Reference Number	Tran Code	Plan Code	Number of Sales	Amount of Sales	Amount of Credits	Discount Paid	Net Deposit
03	90001357015	D	T	42	1,267.80	.00	.00	1,267.80
03	90001367082	D	T	21	651.40	.00	.00	651.40
03	90001377129	D	T	22	652.35	.00	.00	652.35
05	90001387169	D	T	14	332.25	.00	.00	332.25
06	90001397210	D	T	23	661.50	.00	.00	661.50
07	90001407261	D	T	24	596.95	.00	.00	596.95
10	90001417330	D	T	40	1,046.20	.00	.00	1,046.20
28	90001060255	D	T	29	749.40	.00	.00	749.40
	Deposit Totals			720	21,357.54	.00	.00	21,357.54

- 7 This section summarizes the transactions processed on your account.
- 8 Plan code – break down of transaction volume by Visa (VS), MasterCard (MC), Discover (DS), pin-based debit (DB), or EBT (EB). **NOTE: American Express transactions are sent via separate statement.**
- 9 Total number of transactions processed on your account, excluding American Express.
- 10 Gross sales volume for your account for this statement month, excluding American Express.
- 11 Total number of credits -- or refunds -- issued for this statement month.
- 12 Total credit -- or refund -- volume for this statement month.
- 13 Net sales volume for this statement month. This is calculated by Gross sales minus refunds.
- 14 Average ticket – the average size of your transactions for this statement month. This is calculated by dividing total sales (#10 above) by number of transactions (#9 above).
- 15 **Discount Percentage.** This is our Host Merchant Services mark-up on your account. We price everything as Interchange plus, meaning you pay a fixed rate over our cost. This discount rate is reflected here in basis points.
- 16 The fees you pay to us based on our discount rate. We calculate this by multiplying the rate (#15 above) by the total sales volume (#10 above).
- 17 This section is a summary of your daily deposits. Important data noted here includes the day of the batch, number of transactions in that batch, total amount of sales, credits, and net total deposit. You will notice that the “discount paid” column is always zero because we take your fees out monthly in arrears. We don’t charge a **Daily Discount** like some other processors.

PART THREE OF YOUR STATEMENT

18 Fees			
Number	Amount	Description	Total
		19 ACCOUNT ON FILE FEE	10.00
		20 VISA ACQUIRER NETWORK FEE (FANF)-AUG	2.00
613		21 VISA ASSOC APF FEE	11.95
09		22 VISA MISUSE OF AUTHORIZATION SYSTEM FEE	.41
33	352.26	VISA CPS/SML TKT DB @ 1.55% + \$.04	6.78
23 07	257.45	VISA CPS/RESTRNT CR @ 1.54% + \$.10	4.66
153	4,988.50	VISA CPS/RESTRNT DB @ 1.19% + \$.10	74.66
Fees - continued			

- 18 This section details the fees charged for processing transactions. The majority of the fees in this section, except as outlined otherwise, are Interchange pass-through fees charged by Visa, MasterCard, and Discover.
- 19 **Account on File Fee.** This is a Host Merchant Services fee. It includes your Monthly Statement fee and PCI Compliance Fee in a single line item.
- 20 **Visa Acquirer Network Fee (FANF).** This is a fee instituted by Visa on April 1, 2012 as a response from Visa to deal with the losses the credit card company was set to incur through the [Durbin Amendment's hard cap on debit swipe fees](#). FANF applies to the acceptance of all Visa-branded products and is based on both the size and the number of merchant locations. Visa waived the FANF for eligible Charitable and Social Service Organizations (MCC 8398). To find more details about FANF, read the [Host Merchant Services Guide to FANF](#).
- 21 **Visa Network Acquirer Processing Fee.** Visa introduced the Network Acquirer Processing Fee (APF) in July of 2009. This fee is considered to be Visa's version of the MasterCard NABU fee. In 2012, [The Network Acquirer Processing Fee](#) on Visa-branded signature debit was reduced – going from \$0.0195 per authorization to \$0.0155 per authorization. The fee for credit card authorizations however remained at the original \$0.0195 per authorization. Since revenue from the APF fee goes directly to Visa, most processors assess the fee to businesses at cost.
- 22 **Visa Misuse of Authorization System Fee.** On October 1, 2009, Visa introduced its [Misused Authorization Fee](#) to the world. This fee is assessed for authorizations that are not either settled or reversed within certain timeframes, and impacts merchants accepting Visa cards for their payment processing. Visa refers to these as “ghost authorizations.”

NOT PICTURED: Transaction Integrity Fee (TIF). This is a new fee instituted by Visa in April 2012. The credit card giant introduced this new fee at the same time it introduced the Fixed Acquirer Network Fee (FANF). The [Transaction Integrity Fee](#) is \$0.10 and applies to U.S. domestic regulated and non-regulated purchase transactions made with a Visa Debit card or Visa Prepaid card that fail or do not request Custom Payment Service (CPS) qualification. The CPS rates are Visa's best rates and apply to both regulated and non-regulated transactions. The TIF is charged in addition to the applicable interchange fee and discount rate – meaning that regulated debit transactions still receive the regulated interchange rate (0.05% + \$0.22), but are also subject to the TIF if they fail to qualify for a CPS program.

PART THREE CONTINUED

Fees - continued			
Number	Amount	Description	Total
10	227.15	VISA CPS REWARDS 2 @ 1.95% + \$.10	5.43
08	142.50	VISA SIG PREF ELEC TRVL @ 2.40% + \$.10	4.22
01	14.50	VISA BUS ENH ELTRVL @ 2.75% + \$.15	.55
01	8.00	VISA SML TKT PP @ 1.60% + \$.05	.18
76	852.30	VISA SMLTKT REG @ .05% + \$.22	17.15
263	8,335.29	VISA US REG @ .05% + \$.22	62.03
23 04	145.00	VISA RESTRNT PP @ 1.15% + \$.15	2.27
05	132.50	VISA DEBIT INTEGRITY FEE	.50
03	169.75	VISA BUS CP DB @ 1.70% + \$.10	3.19
01	22.60	VISA DOMESTIC SALES @ 2.70% + \$.10	.71
29	898.10	VISA EIRF @ 2.30% + \$.10	23.56
01	7.50	VISA EIRF-US DB @ 1.75% + \$.20	.33
10	108.75	VISA CPS/SML TKT @ 1.65% + \$.04	2.19
24 34	647.41	MC WRLD RESTRNT @ 1.73% + \$.10	14.60
04	109.25	MC ELITERESTRNT @ 2.20% + \$.10	2.80
23	605.75	MC ENH MERIT3 @ 1.73% + \$.10	12.78
01	20.00	MC COMM TE1 MWB @ 2.67%	.53
04	54.50	MC HV RESTRNT @ 2.20% + \$.10	1.60
24 109	2,640.94	MC ASSOC NABU/LICENSE FEE	2.56
01	18.75	MC REG DB @ .05% + \$.21	.22
21	583.95	MC REG DB FA @ .05% + \$.22	4.91
13	329.33	MC MERIT III @ 1.58% + \$.10	6.50
03	158.00	MC MERIT III DB @ 1.05% + \$.15	2.11
05	114.00	MC REST DB @ 1.19% + \$.10	1.86

- 23** Visa Interchange Categories – At Host Merchant Services, we price everything as “Interchange Plus” which is also known as “Cost Plus”. This section details the “cost” side of the transaction for Visa cards accepted. Some important and frequently seen [Interchange categories](#) for card-present (swiped) merchants include CPS/Retail (1.51% + 0.10), CPS/Restaurant (1.54% + 0.10), and US Reg Debit (0.05% + .22). US Regulated Debit fees are charged for many debit transactions under the rate relief provided by the Durbin Amendment (link to Durbin article). However, some smaller banks are not regulated under this law and therefore some cards from smaller issuers are charged at rates such as CPS/Restaurant Debit (1.19% + 0.10).
- 24** MasterCard Interchange Categories – These are Interchange pass-through fees from MasterCard. Although MasterCard uses a slightly different schedule, these fees are similar overall to Visa Interchange.

PART THREE CONTINUED

25	08	338.20	DISC RESTAURANT RW @ 1.90% + \$.10	7.23
	01	36.00	DISC RESTAURANT PR @ 2.20% + \$.10	.89
	02	1,812.75	DISC COMM ELEC @ 2.30% + \$.10	41.89
26	28		BATCH CLOSE FEE	5.60
	777		TRANSACTION/NETWORK ACCESS FEE	77.70
27	28	2,186.95	DISC ASSESSMENTS	2.30
	109	2,640.94	MC ASSESSMENTS	2.91
29	30	16,529.65	VISA ASSESSMENTS	18.18
	720	21,357.54	V/MC/DS KILOBYTE/BASEII FEES	18.66
			Total Fees Due	458.60

- 25** Discover Interchange Categories – these are Interchange pass-through fees from Discover. Although there is some perception that Discover cards are more expensive to accept, you will find that the rates are very similar to MasterCard and Visa. Most categories are within a few basis points (hundredths of a percentage point) (link to bps article) of their Visa and MasterCard counterparts.
- 26** Batch Close Fee – a small fee from Host Merchant Services that is charged each time you settle the batch on your terminal, point-of-sale, or virtual terminal. With some virtual terminals (TXP, TC, Authorize.net), your batch will settle automatically each day.
- 27** Per Transaction Fee – this is the other component of your fee to Host Merchant Services. We generally charge a discount percentage (item #15) and a transaction fee in addition to our cost. The transaction fee portion of your charges is reflected here. The first column shows your total number of transactions on the left side of the statement, which when multiplied by your transaction fee equals the number in the right column. While the actual cost per transaction is not shown on the statement, you can easily compute it by dividing the total charge on the right by the number of transactions on the left.
- 28** Discover Assessments – Discover charges an assessment of 0.105% on gross transaction volume
- 29** MasterCard Assessments - MasterCard charges an assessment of 0.11% on gross transaction volume on transactions less than \$1,000.
- 30** Visa Assessments - Visa charges an assessment of 0.11% on gross transaction volume.
- 31** Kilobyte/BaseII Fees – these are pass-through costs relating to miscellaneous fee items we are assessed from the various networks. Some of the fees include: Visa Base I Auth, Visa Base II Clearing/Settlement Fees – per file, File Transmission Fees, MCBS - Gateway Access Fees, MCBS – ISS Cross Border Network License Fee, MCBS – ACQ Cross Border Network License Fee, Visa PANF Fees, and Association Adj. Costs

PART FOUR OF YOUR STATEMENT

Discount Due	53.47	32
Fees Due	458.60	33
Amount Deducted	512.07	34

35 VISA, MASTERCARD, AND DISCOVER ASSOCIATIONS HAVE ANNOUNCED MODIFICATIONS TO THEIR CURRENT INTERCHANGE RATES AND HAVE INTRODUCED SEVERAL NEW INTERCHANGE PROGRAMS. WE ARE VERY PLEASED TO ANNOUNCE NO INCREASE TO BASE DISCOUNT RATES. ASSOCIATION CARD PROGRAM CHANGES WILL BE INCLUDED IN YOUR CURRENT RATES OR ADDED TO NON-QUALIFIED CATEGORIES AS APPLICABLE EFFECTIVE OCTOBER 1ST, 2012. WE THANK YOU FOR YOUR BUSINESS AND WE WILL CONTINUE TO WORK HARD TO MINIMIZE THE IMPACT OF THESE CHANGES TO YOUR MERCHANT ACCOUNT.

PLAN CODES				TRANSACTION CODES	
VS -VISA	MC -MASTERCARD	DS -DISCOVER	JC -JCB	T -ALL PLANS	D-DEPOSIT
VL -VISA LARGE TICKET	ML -MASTERCARD LARGE TICKET	DD -DISCOVER DEBIT	AM -AMERICAN EXPRESS	1 -PLAN ONE	C-CHARGEBACK
VD -VISA DEBIT	MD -MASTERCARD DEBIT	DZ -DISCOVER BUSINESS	DB -DEBIT	2 -PLAN TWO	A -ADJUSTMENT
VB -VISA BUSINESS	MB -MASTERCARD BUSINESS	DJ -DISCOVER JCB	EC -ELECTRONIC CHECK	3 -PLAN THREE	B -CHARGEBACK REVERSAL
V\$ -VISA CASH ADVANCE	M\$ -MASTERCARD CASH ADVANCE	D\$ -DISCOVER CASH ADV	EB -EBT		

- 32** Total discount due – the same number from #16 above.
- 33** Total fees from the section beginning with #18.
- 34** The total amount of all fees (from Host Merchant Services and all card associations) deducted from your account. *This number is the same as #6 above and is also the sum of #32 and #33.*
- 35** Please review this section for important announcements related to your account each month.

GLOSSARY

Key Card Processing Terms in Plain Language

Total Amount You Submitted – The total dollar amount of card transactions submitted and processed during the Statement Period.

Third-Party Transactions – These are transactions that are passed directly to third party service providers for processing and/or funding. Common third-parties include American Express® and Discover®.

Basis Points - A unit of measurement with a value equaling one one-hundredth of a percent

Chargebacks/Reversals – Those transactions that are challenged or disputed by a cardholder or card-issuing bank. A Chargeback equals the transaction amount that is disputed by the cardholder or card-issuing bank. A Reversal is the amount that was initially resolved against the merchant, but has subsequently been resolved in favor of the merchant.

Adjustments – The amounts added to or deducted from your account to resolve processing and billing discrepancies.

Fees Charged – Transaction-based and/or fixed amounts charged for specific card processing services.

Interchange Charges – These are the variable fees charged by card payment networks for processing transactions. Factors that affect Interchange Charges include card type, information contained in the transaction, and how/when the transaction was processed.

Total Amount Processed – The total amount processed is the dollar amount that Wells Fargo Merchant Services deposits into your bank account for the statement period, net of third party transactions, adjustments, fees, and chargebacks/reversals. Please note that some fees shown on this statement may not be deducted from your account until several business days after receipt of this statement.

Merchant Number – The unique account number assigned to every merchant and merchant location. You'll find it at the top of your statement.

Durbin Amendment - An addition to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The reform drastically lowers swipe fees on debit cards issued by big banks.

INTERCHANGE PLUS PRICING

Interchange fees are set by the credit card networks, and are the largest component of the various fees that most merchants pay for the privilege of accepting credit cards. Visa, Mastercard, and Discover are each known as card associations. And each card association has their own rate sheets known as Interchange Reimbursement Fees. These fees make up the majority of what you pay to your processor and they vary greatly depending on the card type accepted.

Interchange Plus pricing means that the acquirer charges you a variable merchant service charge (or MSC) consisting of the cost price plus a fixed markup. Interchange Plus Pricing is exclusively how we quote at Host Merchant Services. Interchange Plus, also known as Cost Plus, pricing gives the customer a fixed rate over published Interchange Fees. This pricing format is normally quoted as a discount rate (percentage fee) along with a per item or authorization fee. The great thing about Interchange Plus pricing is that you always know exactly what you are paying to your processor for your merchant account with no hidden fees or surcharges.

Think of Interchange, and all the associated fees, as an unavoidable cost. No matter who you process with, you have to pay these fees. They may be labeled differently, or wrapped up in a confusing pricing tier, but one way or the other, you are paying Interchange fees. By understanding the markup you pay over Interchange, you know exactly what you pay to your processor and exactly what is going to the card associations. That allows you to make a decision on whether or not the markup seems reasonable for the service you get and choose your processing partner accordingly.

A CLOSER LOOK AT INTERCHANGE PLUS PRICING

Interchange plus is the most transparent form of pricing for Merchant Account services. The formula is simple, Merchant Services Providers add a flat markup rate to the interchange fees that are listed by Visa and MasterCard.

INTERCHANGE

Rates established by Visa and MasterCard



MARKUP

Rates established by the Merchant Services Provider

Here's a quick rundown on how Interchange Plus quotes may sound from a potential Merchant Services Provider:

A quote using Interchange Plus pricing will typically sound like: **“interchange PLUS 0.25% PLUS \$0.10.”**

That's why its called interchange plus. The PLUS part is the markup that the processor is making on top of interchange. It will usually be less than 0.50% of your volume and \$0.30 per transaction. Anything more than that is probably too high. What is being quoted is the markup. Average interchange rates are about 1.77%, but it does vary depending on what kind of cards your customers use, your average ticket size and the type of business you are. For example, the average rate for ecommerce interchange rate is higher at around 2.06%.