

# HOW TO SELECT AN **ASSOCIATION CREDIT CARD PROCESSOR**



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AN EASY-TO-UNDERSTAND GUIDE FOR COMPARING PAYMENT PROCESSING SERVICES

## INTRODUCTION

When it comes to credit card processing, no provider is perfect, but like any service, the company you choose should be efficient, accurate, and affordable. Use this information and these tips when shopping for a company to process credit cards for your association to ensure your organization is getting the whole picture when it comes to the “small print.”

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# WHO'S WHO IN CREDIT CARD TRANSACTIONS?

Here is a glossary of terms commonly used regarding credit card processing.

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## CARDHOLDER (THE MEMBER)

The person who pays for goods or services with their bankcard (credit or debit card).



## MERCHANT (THE ASSOCIATION)

A business that accepts payment with bankcards for goods and services.



## MERCHANT SERVICE PROVIDERS

The jargon referring to a company that provides services, software, equipment, etc. to merchants, allowing them to accept bankcard payments.



## ACQUIRING BANK

An acquiring bank (e.g., Bank of America, Wells Fargo, etc.) which maintains merchant accounts and is responsible for depositing funds from bankcard sales into the account.



## MERCHANT ACCOUNT

A bank account maintained by an acquiring bank where funds from transactions are deposited.



## ISSUING BANK

An issuing bank (e.g., Chase, Citi, etc.) issues bankcards to cardholders. The issuing bank pays the acquiring bank for the cardholder's purchases. The cardholder is responsible for repaying their issuing bank.



## CARD NETWORK

Visa, MasterCard, American Express, Discover, etc. aren't banks but are networks (aka bank card associations) that serve as a clearinghouse and a governing body.

# UNDERSTAND THE ROLE EACH COMPONENT PLAYS

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### PAYMENT GATEWAY

#### The payment gateway:

- ✓ Serves to protect identity and sensitive data.
- ✓ Is provided by a **3rd party that authenticates and authorizes bankcard transactions.**
- ✓ Gathers and encrypts information and then sends it to the payment processor.
- ✓ Is **primarily used for ecommerce or "card-not-present" transactions** (think of it as a virtual card swiper.)
- ✓ Is generally **not necessary for transactions where the physical card is present.**

### PAYMENT PROCESSOR

#### The payment processor:

- ✓ Is a service that **communicates transaction information** between the merchant, the issuing bank, and the acquiring bank.
- ✓ Links to both the merchant account and the payment gateway.
- ✓ Must **receive information from a gateway for online payments.**
- ✓ Typically **doesn't require a payment gateway for "card-present" transactions** because the card doesn't need to be authenticated.



# UNDERSTAND COST CATEGORIES

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## FEES:

- ✓ **TRANSACTION FEES:**  
A per transaction fee usually including the interchange rate, assessment fee, and merchant service markup.
- ✓ **FLAT FEES:**  
Fees paid to a merchant service provider for using their service.
- ✓ **INCIDENTAL FEES:**  
Fees charged by a payment processor, bank, etc., for occurrences such as a chargeback or non-sufficient funds.



## RATES:

- ✓ **QUALIFIED RATE:**  
Typically, it's the advertised lowest rate and applies to transactions that meet the processor's standards (e.g., a basic, non-rewards card swiped at a brick and mortar merchant).
- ✓ **MID-QUALIFIED RATE:**  
**Used when a qualified condition isn't met,** like keying in a card instead of swiping, for some rewards cards (think airline miles, cash bonuses, etc.), a corporate card, etc.
- ✓ **NON-QUALIFIED RATE:**  
Generally used when a **transaction doesn't fall into qualified or mid-qualified categories** (e.g., a foreign transaction, merchant not settling batch in required time frame).
- ✓ **INTERCHANGE PLUS PRICING:**  
A flat rate plus a percentage of the sales total (aka, interchange pass-through pricing or cost-plus pricing.)

## Rates can be based on various factors such as:

- ✓ **PROCESSING METHOD:** Card-present transactions vs. card-not-present transactions.
- ✓ **DATE SUBMITTED:** Card security codes or Address Verification System (AVS) results submitted with transaction.
- ✓ **MERCHANT CATEGORY CODE:** Specific categories for certain MCCs.
- ✓ **CARD TYPE:** Premium credit cards, standard credit cards, signature debit cards, PIN debit cards, etc.
- ✓ **CARD BRAND:** Rewards cards, retail cards, etc.
- ✓ **CARD OWNER:** Whether the card owner is an individual, business, corporation, etc.

# UNDERSTAND THE HARD AND SOFT COSTS

## HARD COSTS:

### COSTS RELATED TO THINGS LIKE:

- ✓ Cancellations, fund withdrawals, and batch processing
- ✓ Early contract termination
- ✓ Exceeding or missing monthly quotas
- ✓ PCI compliance/noncompliance fees
- ✓ Statement fees
- ✓ Extra fees based on card/transaction type (e.g., rewards cards, business cards, and manually entering the card)



*Check on the timeframe for accessing your funds and if there's a cost to transfer funds.*

## SOFT COSTS:

### COSTS RELATED TO THINGS LIKE:

- ✓ Switching providers (e.g., training and setup, buying out your contract)
- ✓ Equipment lease
- ✓ Refunds and chargebacks
- ✓ Cost to transfer funds



# SECURITY AND RISK MANAGEMENT

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## PARTNER WITH A PROCESSOR THAT:



### IS PCI COMPLIANT:

Meets the **payment card industry data security standard**. (aka PCI DSS)

Uses tokenization: **substitutes customer primary account number (PAN) with a token**. This renders information useless to hackers, and you aren't storing association members' sensitive information.



### HAS P2PE (POINT-TO-POINT-ENCRYPTION):

**Encrypts card data** from swipe, through transit, to authorization, so your system doesn't see or touch PAN data.



### UTILIZES FRAUD DETECTION & MANAGEMENT TOOLS



***Make sure your provider will guide and assist you in completing the annual SAQ compliance verification packet*** (and ask if they charge for this service). The SAQ (Self-Assessment Questionnaire) is a validation tool for merchants and service providers to self-evaluate their PCI compliance.

# DO YOUR RESEARCH

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## ASK ABOUT:

- ✓ Contracts
- ✓ Customer support availability
- ✓ Complexity of setup
- ✓ Recurring/automatic payments
- ✓ ACH payments
- ✓ Reporting options
- ✓ Built-in invoicing
- ✓ User experience (UX)
- ✓ Security of saving e-payment profiles
- ✓ Ability to take mobile payments
- ✓ Integration with a processor





# SIMPLIFY INSTEAD

## USE GROWTHZONE PAY

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### SIMPLIFY ACCOUNTING

- ✓ Process one-time and automatic credit card, debit card, and bank payments.
- ✓ No manual matching payments with invoices. The payment is automatically applied to the correct invoice.
- ✓ Money deposited into your bank account.



### RENEWALS

- ✓ Automatically charge monthly, quarterly, semi-annual, or annual membership dues on a specific day without having to routinely log into your software (or even click a button).
- ✓ Eliminate calls to late member accounts.
- ✓ Automatic database updates.



### MEMBER CONVENIENCE

- ✓ Existing members set up autopay themselves, and they can store payment info for future use – perfect for registering for events.
- ✓ Membership applicants can set up automatic payments online when joining.
- ✓ Members can view and pay invoices right from InfoHub.



### ASSOCIATION CONVENIENCE

- ✓ One vendor and point of contact for support issues.
- ✓ All features and information accessible in one place.



### EVENTS

- ✓ Event attendees pay you via a mobile card reader.
- ✓ More payment options increase purchases at events.
- ✓ No more post-event manual input of payments.
- ✓ Database is automatically updated with payment transactions via the Mobile Card Reader.
- ✓ Confirmation receipts automatically emailed to the payer.

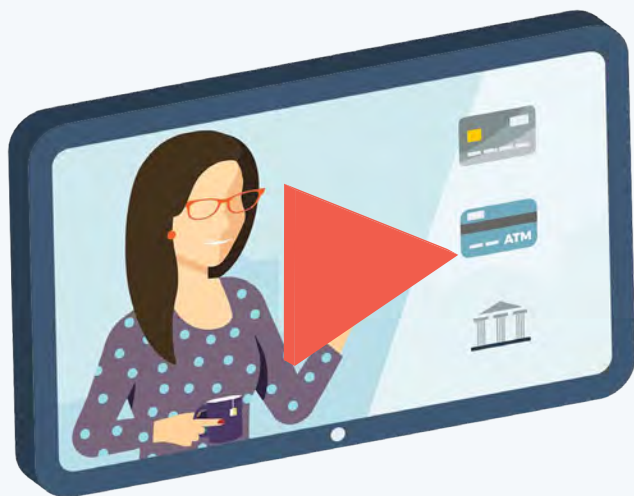
# CONCLUSION

## STREAMLINE YOUR PROCESS

Using an interface that includes a payment gateway AND payment processor AND integrates with your association management software reduces errors, eliminates double entry, allows the association to track transactions from inception to settlement, simplifies reconciliation, and saves money.

**SEE HOW TO EASILY PROCESS ONE-TIME AND AUTOMATIC CREDIT, DEBIT, AND BANK ACCOUNT PAYMENTS WITH**

**GROWTHZONE PAY**



Check out this 2 minute video showing how GrowthZone Pay streamlines association payment processing!

**SEE HOW TO EASILY PROCESS ONE-TIME AND AUTOMATIC CREDIT, DEBIT, AND BANK ACCOUNT PAYMENTS WITH GROWTHZONE PAY**

**SHOW ME EASY!**



## ABOUT GROWTHZONE

The GrowthZone mission is to empower organizations with the tools they need to grow membership, keep members engaged, keep members longer, and do more in less time.

GrowthZone is a full AMS with **built-in payment processing, e-commerce, fundraising, marketing automation, member prospecting**, and more. GrowthZone is ideal for business, trade, and professional associations, as well as chambers of commerce.

Schedule a quick, no-pressure demo to see GrowthZone in action.

## SCHEDULE DEMO

**GrowthZone features a comprehensive suite of productivity modules for associations, including:**

- ✓ Fundraising
- ✓ Billing
- ✓ Event Registration
- ✓ Event Exhibitor/Session Management
- ✓ Sales Funnel Management
- ✓ Payment Processing
- ✓ Email Marketing Automation
- ✓ Certification Tracking
- ✓ Chapter Management
- ✓ Mobile Staff App
- ✓ Website Hosting
- ✓ Website Content Management
- ✓ Advertising/Sponsorship
- ✓ Online Store
- ✓ Form Builder
- ✓ Job Boards
- ✓ Project Management
- ✓ Contacts
- ✓ Communication
- ✓ Lists/Committees