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We see things differently

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AND NOW FOR THE REST OF THE STORY...

By now, we've all seen the advertisements and pre-paid inserts touting *Low Transaction Fees, Big Revenue Splits*, etc. *The Green Sheet* and other industry publications are filled with them. Yet many advertisers/companies don't have the space to tell the entire story. So how do you, the *ISO of Agent*, get the entire story? Ask the right questions...then read.

First, let's be clear. Advertising can be defined as "*The activity of attracting public attention to a product or business.*" Advertisers don't have the space to detail *everything* about their program, so they need to attract attention quickly and creatively...and there is nothing wrong with that. Advertisers want their phone to ring. But you, the customer, need to ask the right questions and ask for the right information. And since many readers of this publication are fairly new to the industry, let's focus on just a few of the more pertinent pricing questions.

"What else is there?" – Don't be afraid to ask this question.

You've read an ad touting a *Low Transaction Fee* and *Revenue Sharing above Interchange & Assessments*, but how much *Revenue Share* and what are the *Interchange & Assessments* costs? Some programs advertise the *Low Transaction Fee* but when you ask, "What else?" or read the pricing addendum, you find they also charge you several basis points under the heading of BIN Sponsorship or Risk Assessment. Here's a typical example: BIN Sponsorship .0004, or Risk Assessment .04%. This completely negates the low transaction fee that caught your attention in the first place, and significantly lowers your margin or profit. And if you don't know what *Interchange & Assessment* costs are, ask the company you're speaking with. They should be more than willing to show you.

"Exactly What is the Transaction Fee?" – Find out first.

Is it \$.07 or \$.08, or is it \$.11, \$.12 or higher? Also ask, "What is the revenue split?" Make sure you get a full understanding. Don't walk away from the conversation until you have a confirmed answer.

Continued...

“Do surcharges exist? Do mid-qualified and non-qualified transactions exist? How are they priced?”

Some programs follow the *Transaction Fee* for ALL charge types, while others pad the mid and non-qualified surcharges. To explain it in simpler terms, a company will give you a base number above which you can charge the merchant for mid's and non's, effectively locking in a set profit. Other programs strictly follow the revenue share model and give full revenue share above your split.

“When revenue share splits are offered, how and when are expenses charged and applied?”

For example, let's say your statement fee cost is \$5.00 and you have a 50/50 revenue split. You charge the merchant a statement fee of \$10.00. Is your revenue \$2.50 ($\$10.00 - \$5.00 = \$5.00$, $50\% = \$2.50$) or \$0 ($\$10.00 / 50\% = \5.00 , your cost = \$5.00, \$0 revenue)? Ask this question up front, or better yet, ask for a sample residual report. Information contained in a sample report will answer a lot of these questions.

Ask for a reference – Call and speak to a customer.

Lastly, and perhaps most importantly, ask the prospective company for a reference...an ISO that has been with that company for at least two years. Call the ISO. See what they have to say. If they are happy, then there's a good chance you will be too.

The advertiser's strategic objective is to get you to call. Your objectives should be to:

- A. Ask the right questions
- B. Read the pricing addendums
- C. Find a competent and honest provider
- D. Ask for a reference
- E. Select a program that best maximizes your revenue.

Remember, each program doesn't necessarily work for everyone, so spend the appropriate time finding the program that best works for YOU.