



4 Ways to Avoid Transaction Downgrades

For most small-to-medium-size business owners, finding new ways to cut costs is an art form. If you think you've already squeezed all the "fat" from your operations, you may be surprised how a few simple steps as you process your card transactions can generate significant savings over time.

When you first began accepting credit card transactions, you probably shopped around for the best discount rate available. To ensure all of your transactions actually clear at the optimal rate, it's helpful to understand the most common reasons for an interchange downgrade. And more importantly, how easy it is to avoid those extra downgrade costs with a few simple steps.

These are some of the most common reasons transactions downgrade to a less than optimal rate, with our suggestions on how to avoid:

- **Not Entering the "Address Verification Service" when Prompted.** When your terminal prompts you to enter a zip code, it's worth the extra 5 seconds to do so. Bypassing that step is certainly possible, but know that submitting without a response from the AVS Service means the transaction is subject to a less than optimal interchange qualification. In the case of a card-not-present transaction (when the cardholder isn't physically presenting their card at the point of sale, such as in an e-commerce or telephone order scenario), an exact match on the Address Verification Service (AVS) is not required in order to qualify for optimal rates. A response value that proves the service was utilized is all that matters in the case of CNP.

- **Not Balancing and Settling Electronic Deposits Daily.** It's not just smart to settle daily, it's more cost effective as well. In general, even a 24-hour delay in closing out a batch can result in higher interchange fees. We strongly recommend settling batches on a daily basis and the end of the business day.
- **Forced Transactions.** Obtaining a voice authorization and manually entering a reference number into your POS terminal will result in a higher interchange fee. While not always possible, particularly in cases of suspicious or questionable transactions, avoiding manual entry of the authorization code ordinarily results in lower interchange rates.
- **Entering Sales Tax/Customer Code.** Commercial cards often require additional data elements. Entering sales tax paid and a customer code can ensure an optimal Interchange qualification processing your customers' commercial cards, whether business, corporate or purchasing cards. Often the cardholder is not aware of their Purchase Order number or customer code, so to avoid paying a premium discount rate, it's a best practice to establish a general reference code for use as a default when a purchase order or work order number is unknown.

And, it doesn't stop with you. Educating your employees on these four easy ways to avoid transaction downgrades can minimize higher interchange fees, increasing your bottom line on a daily basis