

Case Study

Commercial Onboarding
The Consultative
Approach



Do you know how much you're paying? The reality is that many clients only uncover hidden fees when it is pointed out to them. Thankfully, here at Paycross, our years of expertise allow us to see the full picture. Do you know what Interchange ++ really means? Are you on a blended rate? Is your cross-border strategy overly costly? Are there hidden authorization fees? Has your processor applied heavy Foreign Exchange costs? Life beyond the "Headline Rate" is where we start. This case study highlights some examples:

Example 1 – "We're only paying 0.20%"

This prospect disclosed an existing rate of "only 0.20%." Knowledge tells us that Interchange alone on debit cards in the UK is 0.20% on debit and 0.30% on credit cards. Was the acquirer operating at a loss? This is before scheme fees were even considered let alone the acquirer's own margin. Once we'd requested the statements, we explained that his actual headline rates were Interchange ++ 0.20%, meaning his overall headline costs were closer to 0.60%. Then we looked at the authorization fees, and the settlement costs, an FX exposure and the monthly fees, which further boosted his average costs towards 1%. The exposure of hidden costs highlights our transparency and desire to do business openly to generate trust. Let's look at *your* statements to see if there are hidden costs.

Example 2 – US Interchange

US interchange remains a minefield due to the sheer variance of card types that exist. Corporate Cards, Purchasing Cards, Signature Cards, Sector Specific Rates (Supermarkets, Restaurants, Specialty Retailers, Food Trucks, Hotels). There are also exemptions and regulated cards meaning that depending on the issuer, a debit card rate can vary from 0.05% through to 1.90%. This makes it hard to understand and project overall costings, especially if margins are tight in your business. At Paycross, we have looked at ways to reduce Interchange costs by combining our BIN recognition technology with the different tier structures in place and can, in the right circumstances, reduce costs resulting in potentially huge bottom-line savings. Our preferred status with USBank Elavon also gives us access to Interchange Calculators and our own proprietary algorithms that can compute billions of permutations from over 350 IC rates.

Example 3 – The Fee on Fee on Fee.

The business in question was paying a blended rate of 2.90% for its payment processing in North America. On closer inspection and from reading processing statements, we learned that 70% of the traffic represented cross-border payments. The existing processor would then apply a cross-border surcharge of 1.5% and an additional 1.00% for any foreign exchange conversion on settlement. The calculation was that for every \$1m processed, \$700,000 would be charged at 5.40% on the headline rate alone. At Paycross, our localized payment solutions from banking to payment processing could not only reduce the FX exposure, but also keep the merchant at a globally blended rate of 3.50%. This constitutes a saving to the merchant of 1.9% on cross-border payments. As the merchant is processing \$42m a year in international traffic, the overall saving was forecast at over \$800,000 per annum. Localizing payments and eliminating cross border fees lies at the heart of Paycross' commercial strategy.



Localizing payments, optimizing payments and scrutinizing payments is the Paycross mantra. Commercially viable, highlighting the pain points and hidden costs drives both Paycross and your business forward. We are your extended Payments team, working not simply operatives but as a true commercial partnership as we help you grow and ultimately increase your bottom line.

10%

Target Drop on Payment Processing Fees

FX

Focus upon reduction of Foreign Exchange and Cross-Border Charges

IC+

Providing Transparency and Interchange savings consistently

Visualizing Savings – Reducing the Fee on Fee on Fee

Monthly Volumes USD	Rate	Sub-Total	Monthly Fees	Annual Fees
Existing Provider (\$1m per month)	5.4%	1,000,000	54,000	648,000
Paycross Offering (\$1m per month)	3.5%	1,000,000	35,000	420,000
			Annual Saving with Paycross	228,000
Existing Provider (\$5m per month)	5.4%	5,000,000	270,000	3,240,000
Paycross Offering (\$5m per month)	3.5%	5,000,000	175,000	2,100,000
			Annual Saving with Paycross	1,140,000

COMMERCIAL ACUMEN

Market Leading Intelligence around local and cross border costs covering local acquiring fees in 5 continents.

HIGHLIGHTING DEFICIENCIES

Ability to identify where the hidden costs lie and more significantly how to address them. Reactive to price increases and scheme behaviors.

UNDERSTANDING REVENUE POINTS

Paycross checks:

- Interchange Fees
- Scheme/Assessment Fees
- Foreign Exchange Exposure
- Acquirer Fees
- Settlement Costs
- Settlement Frequencies
- 3D Secure Additional Costs
- Authorization Fees (approved and declined)
- Multi Currency Costs
- PCI Fees
- Annual Fees
- Monthly Fees
- Additional Per Transaction Costs
- Blended Pricing or IC ++ Pricing
- Tiered or Flat Fees