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## Visa/MasterCard 2004 Qualification Levels for Merchant Industries

Qualified Rate – Transactions that meet all of the requirements for the merchant’s industry. Merchants will pay the lowest or best discount rate for qualified transactions.

Primary Qualifications:

- Card must be swiped through a terminal
- Must batch out daily
- Only one authorization is allowed
- The authorized transaction amount must match the settled (deposit) transaction amount

Partially Qualified Rate – Transactions that meet some, but not all of the specific requirements for the merchant’s industry. Merchants will pay a higher rate for partially qualified transactions.

The following items will cause transactions to qualify at the partially qualified rate:

- Transaction is hand-keyed with Address Verification (AVS)
- Batch was not closed daily, but within 48 hours
- More than one authorization is attempted

Non-Qualified Rate – Transactions that do not meet other specific requirements for the merchant’s industry. Merchants will pay a higher rate for non-qualified transactions.

The following items will cause transactions to qualify at the non-qualified rate:

- Transaction is hand-keyed without address verification (AVS)
  - Batch was not closed until 72 hours after authorization
  - Transactions approved via voice authorization and/or force
  - Commercial card used without sales tax and customer code being entered
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## Questions to Ask Your Merchant Service Provider

What is your Qualified Rate? See Above

What is your Qualified Rate for off-line debit cards? This is the lowest rate charged as funds are immediately taken out of the card user's account. Off-line debit cards account for about 30% of a merchants sales.

What is your debit rate? Does the rate quoted include the authorization? Often time an on-line debit is quoted at a very low rate; however, the authorization charge is not included.

What is your Mid-Qualified Rate? Some processors do not disclose this rate on the month end statement; it is left up to the merchant to figure it out.

Some processors do not charge the mid-qualified rate in the same month that the sale is made – it is charged in the following month.

Most importantly, some processors quote a rate that is then added to the qualified rate, making the mid-qualified rate to appear to be substantially lower than the actual total rate charged.

What is your Non-Qualified Rate? See above – What is your Mid-Qualified Rate – all applies here.

Does your processor deduct fees per transaction or at one time at the beginning of the following month? Deducting fees per transaction makes it exceptionally difficult for bank record reconciliation.

What is your Rewards Rate? Most processors do not break out the Rewards Rate and charge the Mid-Qualified rate for these types of sales. The Reward Rate should be separate and at a lower rate than the Mid-Qualified.

Have you been quoted a statement fee? When quoted a statement fee ask, if there are separate charges for basic service, customer service, on-line access to your account, or technical service?

How does your current processor allow you to deal with returns from your online sales? If in your terms and conditions, your processor permits a full cash refund, this can lead to abuse by disreputable customers. If your processor allow only for a “credit”, this will reduce refund requests.

The key point to remember is that processing is NOT ABOUT THE RATE – it is about your TOTAL processing costs. A lower rate does not guarantee more money in your pocket.