

MERCHANT PROCESSING NEWS



PURPOSE OF THIS NEWSLETTER

It is my desire to both educate and assist business owners on the subject of “merchant services”.

SWIPED VS KEYED

The term “swiped” is typically used in conjunction with a store purchase whereby the customer presents the card to be charged and either the cashier or the customer “swipes” the card for processing. In the merchant services industry, however, the term “swiped” is more technically defined as “card present” meaning the card is *physically present* and swiped through a card reading device as provided in a terminal, a POS cash register system, wireless device, etc. The merchant account is thus classified as a “swiped” account. The Discount Rate is referred to as a “qualified swiped rate”.

Oppositely, the term “keyed” is defined as “card not present” or *not available* to be swiped. Examples of “keyed” entries would be internet, telephone or fax purchases. The merchant account is classified as a “keyed account”. The Discount Rate is referred to as a “qualified keyed rate”.

WHAT IS A MID-QUALIFIED RATE?

A mid-qualified rate is only applicable on a “swiped account”. This “down-graded” rate is

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- Swiped vs Keyed
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charged when a card is either *not readable* when swiping the card or the card is *not present* to be swiped. When this occurs, an additional percentage is added to the swiped discount rate. Also, for example, when an order is placed over the telephone, an additional percentage is added. This percentage will vary depending on the service provider.

Typically, service providers allow up to 30 % of the monthly volume to be non-swiped before the swiped discount rate is raised to match the keyed discount rate. Please note that some service providers will “down-grade” Rewards Cards and / or Check Cards. It is always good to inquire about this when considering merchant providers.

WHAT IS A NON-QUALIFIED RATE?

A non-qualified rate is applicable to both swiped and keyed accounts. This “down-graded” rate is primarily used when the card is a Corporate Card or if the daily transactions are more than 24 hours old meaning a batch has not occurred. Please note that some service providers will “down-grade” Rewards Cards and / or Check Cards. Again, inquire about this when considering merchant providers.

... I'll have more next month ...

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