







Understanding Pricing Methods

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PIVOTAL
PAYMENTS
POWERING YOUR SUCCESS

Agenda

-  **Introduction to Pricing**
-  **Cost Plus**
-  **Tiered**
-  **Enhanced Bill Back (EBB)**

Introduction to Pricing

There are two primary costs of processing:

- **Interchange**
 - Kept by the issuing bank of the cardholder
 - Rates are assigned based on risk of the transaction (*debit/credit swiped/keyed/rewards/business etc.*)
 - Rates are determined by the card associations (*V/MC/DISC/AX*)
 - Rates are modified typically twice per year, April & October
- **Assessments**
 - Kept by the card associations (*V/MC/DISC/AX*)



Processors all pay the same cost of interchange & assessments. Some processors may mark-up interchange and assessments to sales partners and merchants. Sales partners agree to buy-rates they will pay the processor on each transaction.

Sales partners determine how they will price each merchant they sign in their portfolio & may use different methods of pricing depending on a number of factors such as relationship, size of the merchant, referral source etc.



Cost Plus

COST PLUS

Cost plus is also referred to as interchange plus. This method of pricing passes through the cost of interchange and assessments to a merchant. In addition, a discount rate, generally under 1% as well as a transaction and/or per item fee and other monthly fees may be applied.



- Discount Rate
- Interchange
- Assessments

Merchants pay the exact cost of the transaction as determined by the card presented (credit/ debit/ rewards/ business) & method processing (swiped/ keyed etc.)

COMMON CATEGORIES

		QUALIFIED	MID-QUALIFIED		NON-QUALIFIED	
CONSUMER	MASTERCARD CREDIT	Merit III Core Value 1.58% + \$.10	Merit III Enhanced Value 1.73% + 0.10	Key Entered 1.89% + \$.10	Merit III World Elite 2.20% + 0.10	Merit I World 2.05% + \$.10
	REWARDS		Merit III World 1.77% + \$.10	Merit I Enhanced Value 2.04% + \$.10	Merit III World High Value 2.20% + \$.10	Merit I High Value 2.50% + \$.10
	DEBIT	Merit III 1.05% + \$.15 U.S. Regulated .05% + \$.21*	Key Entered 1.60% + \$.15	Merit I 1.60% + \$.15	Consumer Standard 1.90% + \$.25	
	VISA CREDIT	CPS Retail 1.51% + \$.10	Key Entered 1.80% + \$.10	CNP/E-Commerce 1.80% + \$.10	EIRF 2.30% + \$.10	Signature Preferred CNP 2.40% + \$.10
	REWARDS		Rewards 1 1.65% + \$.10	Signature Preferred Retail 2.10% + \$.10	Rewards 2 1.95% + \$.10	Sig. Preferred Standard 2.95% + \$.10
	DEBIT	CPS Retail .80% + \$.15 U.S. Regulated .05% + \$.21*	Key Entered 1.65% + \$.15	CNP/E-Commerce 1.65% + \$.15	EIRF 1.75% + \$.20	Consumer Standard 1.90% + \$.25

*Additional \$.01 Fraud Adjustment Fee does apply to regulated debit transactions for institutions employing effective fraud prevention initiatives.

COST PLUS SCHEDULE A

SCHEDULE A									
Billing Options: <input type="checkbox"/> Daily <input checked="" type="checkbox"/> Monthly		<input checked="" type="checkbox"/> Next Day Funding							
Card Type Accepted	Discount Rate		Surcharge		Transaction Fee			Authorization Fee	
	Qualified		+Mid-Qualified	+Non-Qualified	Qualified	Mid-Qualified	Non-Qualified		
Visa, M/C, Discover Check Card	%		%	%	\$.10	\$	\$	\$.10
Visa, M/C, Discover Credit Card	%		%	%	\$.10	\$	\$	\$.10
AMEX Credit Card	%		%	%	\$.15	N/A		\$.10
Visa, M/C, Discover Cost Plus	.40 %		EBT Per Item	\$	Existing EBT #				
AMEX Cost Plus	.40 %		Visa, M/C, Discover Non-Qualified Surcharge %						
PIN-Based (Online) Debit	\$.25		<input checked="" type="checkbox"/> Debit Network Fees		<input checked="" type="checkbox"/> New Amex Acct or Existing Amex Acct #:				
Pivotal Merchant Insights Monthly Fee	<input checked="" type="checkbox"/> Try Insights free for 30 days - \$29.99 per month after trial		<input type="checkbox"/> Do not try Insights		AMEX Network Fee is 0.15 %.				
PivotalOne Monthly Fee	<input checked="" type="checkbox"/> Try PivotalOne free for 60 days - \$9.95 per month after trial		<input type="checkbox"/> Do not try PivotalOne		AMEX Non-Swiped Transaction Fee is 0.30 %.				

Note: Charging a merchant both a transaction fee & an authorization fee will bill the merchant for each. Transactions fees bill on all settled transactions and apply towards the monthly minimum discount due. Authorization fees bill on all transactions (approvals and declines) and the fees collected do not apply towards the monthly minimum discount due.

Enhanced Bill Back (EBB)

ENHANCED BILLBACK

Merchant is billed the Qualified Rate for ALL transactions. For any transactions that are not considered qualified, the merchant is billed a Downgrade Surcharge Fee, PLUS the difference in costs between the baseline interchange cost and the actual interchange cost of the transaction.



- Qualified Discount Rate
- Downgrade Surcharge Fee
- Difference of Interchange

Each merchant is assigned by Pivotal to a "Baseline" interchange cost level or "bucket". Baselines are set according to processing type (retail, mail order/telephone, ecommerce.)

EXAMPLE:

VISA EIRF CREDIT DOWNGRADE	Qualified Transaction	Non-Qualified Transaction
Qualified Rate	1.89%	1.89%
Difference of Interchange	-	2.30% + \$.10 EIRF CREDIT RATE -1.51% + \$.10 CPS RETAIL BASELINE .79%
Downgrade Surcharge Fee	-	.40%
Total Cost of Transaction	1.89% x \$TICKET	3.08% x \$TICKET

EBB PRICING RESTRICTIONS

Processing Type	Surcharge	BET Description	6314			2866		
			VS	MC	DC	VS	MC	DC
CARD SWIPE	20 bps	CPN CS 20 BPS ERR	9180	8032	7126	9680	8633	7626
CARD SWIPE	30 BPS	CPN CS 30 BPS ERR	9199	8059	7156	9073	8646	7615
CARD SWIPE	40 bps	CPN CS 40 BPS ERR	9181	8034	7127	9681	8634	7627
CARD SWIPE	50 BPS	CPN CS 50 BPS ERR	9200	8060	7157	9074	8647	7616
CARD SWIPE	60 bps	CPN CS 60 BPS ERR	9182	8035	7128	9682	8635	7628
CARD SWIPE	80 bps	CPN CS 80 BPS ERR	9183	8036	7129	9683	8636	7629
MOTO	20 bps	CPN MO 20 BPS ERR	9184	8037	7130	9684	8637	7630
MOTO	30 BPS	CPN MO 30 BPS ERR	9201	8061	7159	9075	8648	7617
MOTO	40 bps	CPN MO 40 BPS ERR	9185	8038	7131	9685	8638	7631
MOTO	50 BPS	CPN MO 50 BPS ERR	9202	8062	7165	9076	8649	7618
MOTO	60 bps	CPN MO 60 BPS ERR	9186	8039	7132	9686	8639	7632
MOTO	80 bps	CPN MO 80 BPS ERR	9187	8040	7133	9687	8640	7633

There are pricing restrictions for Enhanced Billback as indicated to the left.

Available BET tables for both retail and MOTO currently range from .20% - .80% basis points and go in .10% bpts increments with the exception of .70% bpts.

EBB SCHEDULE A

SCHEDULE A										
Billing Options: <input type="checkbox"/> Daily <input checked="" type="checkbox"/> Monthly <input checked="" type="checkbox"/> Next Day Funding										
Card Type Accepted	Discount Rate		Surcharge		Transaction Fee			Authorization Fee		
	Qualified		+Mid-Qualified	+Non-Qualified	Qualified	Mid-Qualified	Non-Qualified			
Visa, M/C, Discover Check Card	1.49 %		%	%	\$.10	\$	\$	\$	\$.10	
Visa, M/C, Discover Credit Card	1.99 %		%	%	\$.10	\$	\$	\$	\$.10	
AMEX Credit Card	1.99 %		%	%	\$.15	N/A			\$.10	
Visa, M/C, Discover Cost Plus	%	EBT Per Item	\$		Existing EBT #					
AMEX Cost Plus	%				Visa, M/C, Discover Non-Qualified Surcharge			.60 %		
PIN-Based (Online) Debit	\$.25	<input checked="" type="checkbox"/> Debit Network Fees			<input checked="" type="checkbox"/> New Amex Acct or Existing Amex Acct #:					
Pivotal Merchant Insights Monthly Fee	<input checked="" type="checkbox"/> Try Insights free for 30 days - \$29.99 per month after trial		<input type="checkbox"/> Do not try Insights		AMEX Network Fee is 0.15 %.					
PivotalOne Monthly Fee	Try PivotalOne free for 60 days - \$9.95 per month after trial		<input type="checkbox"/> Do not try PivotalOne		AMEX Non-Swiped Transaction Fee is 0.30 %.					





Tiered

TIERED

Merchant is billed the Qualified Rate for ALL transactions. For any transactions that are not considered qualified, the merchant is billed a mid-qualified rate (surcharge) or a non-qualified rate (surcharge.) The merchant is also billed transaction and/or per item fee and other monthly fees may be applied.



- Qualified Discount Rate
- Mid-Qualified Discount Rate
- Non-Qualified Discount Rate

The merchants discount rates are set by the sales partner. Using TSYS as a back-end, partners may select any mid and non-qualified rate without restrictions.

TIERED PRICING STRUCTURE	Qualified Transaction	Mid-Qualified Transaction	Non-Qualified Transaction
Visa CPS/Retail Debit	1.49%		
Visa CPS/Retail Credit	1.79%		
Visa Key Entered Credit		(+.50%) 2.29%	
Visa EIRF Credit			(+1.50%) 2.79%
Visa Rewards 1		(+.50%) 2.29%	
Visa Rewards 2			(+1.50%) 2.79%

TIERED SCHEDULE A

SCHEDULE A										
Billing Options: <input type="checkbox"/> Daily <input checked="" type="checkbox"/> Monthly		<input checked="" type="checkbox"/> Next Day Funding								
Card Type Accepted	Discount Rate		Surcharge		Transaction Fee			Authorization Fee		
	Qualified		+Mid-Qualified	+Non-Qualified	Qualified	Mid-Qualified	Non-Qualified			
Visa, M/C, Discover Check Card	1.49 %		1.50 %	2.25 %	\$.05	\$.10	\$.15	\$.10		
Visa, M/C, Discover Credit Card	1.99 %		1.50 %	2.25 %	\$.05	\$.10	\$.15	\$.10		
AMEX Credit Card	1.99 %		.80 %	1.60 %	\$.15	N/A		\$.10		
Visa, M/C, Discover Cost Plus	%		EBT Per Item	\$	Existing EBT #					
AMEX Cost Plus	%				Visa, M/C, Discover Non-Qualified Surcharge					%
PIN-Based (Online) Debit	\$.25		<input checked="" type="checkbox"/> Debit Network Fees		<input checked="" type="checkbox"/> New Amex Acct or Existing Amex Acct #:					
Pivotal Merchant Insights Monthly Fee	<input type="checkbox"/> Try Insights free for 30 days - \$29.99 per month after trial		<input type="checkbox"/> Do not try Insights		AMEX Network Fee is 0.15 %.					
PivotalOne Monthly Fee	Try PivotalOne free for 60 days - \$9.95 per month after trial		<input type="checkbox"/> Do not try PivotalOne		AMEX Non-Swiped Transaction Fee is 0.30 %.					



American Express OptBlue®

American Express OptBlue®

There are pricing limitations on the American Express OptBlue program for EBB & tiered. Sales Partners pricing American Express rates as tiered may assign any discount rate for qualified signature debit & credit and may use any of the available TSYS BET tables for mid and non qualified discount rates.

AmEx can not be priced as EBB, but an EBB merchant can have AmEx priced as cost plus or tiered.

Sales Partners pricing American Express as cost plus may price any discount rate and applicable program fees will be assessed according to the business type and transaction amount.

BUSINESS TYPE	TIER 1 TRANSACTION AMOUNT	TIER 2 TRANSACTION AMOUNT	TIER 3 TRANSACTION AMOUNT
B2B/WHOLESALE	≤ \$400	\$400.01 - \$7,500	> \$7,500
HEALTHCARE	≤ \$150	\$150.01 - \$2,000	> \$2,000
MAIL ORDER & INTERNET	≤ \$150	\$150.01 - \$3,000	> \$3,000
RESTAURANT	≤ \$25	\$25.01 - \$150	> \$150
RETAIL	≤ \$75	\$75.01 - \$1,000	> \$1,000
SERVICES & PROFESSIONAL SERVICES	≤ \$400	\$400.01 - \$3,000	> \$3,000
TRAVEL & ENTERTAINMENT	≤ \$100	\$100.01 - \$1,000	> \$1,000
OTHER	≤ \$100	\$100.01 - \$3,000	> \$3,000
PREPAID	≤ \$75	\$75.01 - \$1,000	> \$1,000

AMEX TIERED BET AVAILABILITY

2866	6314	MID%	NON%
9857	9511	0.5	1.3
9858	9512	0.6	1.3
9859	9513	0.6	1.4
9860	9514	0.7	1.5
9861	9515	0.7	1.5
9862	9516	0.8	1.2
9863	9517	0.8	1.6
9864	9518	0.8	1.8
9865	9519	0.9	1.7
9866	9520	0.9	2.19
9867	9521	0.95	1.95
9868	9522	1	1
9869	9523	1	1.5
8483	9524	1	2
8484	9525	1	2.39
8485	9526	1	2.69
8357	9527	1.2	2.89
8358	9528	1.5	2
8359	9529	1.59	1.59
8360	9530	1.79	1.79