

Credit Card Processing for non-profits

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What are the best choices for accepting credit cards for online payments?

- Paypal
- Google Payments
- Included with online software generator for donation forms
- Merchant Services provider

(not in order)



Paypal costs for 501c(3) non-profits

- 1.9% + \$.30 per transaction for organizations with over \$100,000 monthly volume
- 2.2% + \$.30 per transaction for organizations with less than \$100,000 monthly volume.
- 3.9% + \$0.30 USD Transaction Fees for Cross-Border Payments - United States



Paypal pros & cons

PROS:

- Easy to set up basic online donation forms
- Cancel any time; no penalties

CONS:

- 3-5 business days to deposit to bank
- Not everyone likes to checkout with Paypal
- No donor information collected- you get money only, not contact info

NOTES: Determine your effective rate. If average transaction is \$25, then your **effective rate is 3.4%** (2.2% + \$.30 fees/\$25 sale). Low average transaction = high effective cost due to the high per item fee.

RECOMMENDATIONS: It's a good starting point, but Paypal should only be used to supplement other credit card acceptance methods if you process > \$100,000 annually.



Google Checkout costs for 501c(3) non-profits

- Google Grants recipients are eligible to process donations for free until 2010 (need to buy Google AdWords)
- Others pay these standard fees:

Monthly Sales Through Google Checkout	Fees Per Transaction
Less than \$3,000	2.9% + \$0.30
\$3,000 - \$9,999.99	2.5% + \$0.30
\$10,000 - \$99,999.99	2.2% + \$0.30
\$100,000 or more	1.9% + \$0.30



Google Checkout pros & cons

PROS:

- Easy to set up
- Cancel any time; no penalties

CONS:

- 3-5 business days to deposit to bank
- Growing consumer usage, but has a ways to go to dominate
- No donor information collected- you get money only, not contact info.

NOTES: You may not use Google Checkout to collect donations if your organization is designated 501(c)(1), 501(c)(2), or 501(c)(14). If average transaction is \$25, then your **effective rate is 3.4%** (2.2% + \$.30 fees/\$25 sale) at the \$10,000/mth+ level. Low average transaction = high effective cost due to the high per item fee.

RECOMMENDATIONS: If you buy Google AdWords, you'll definitely want to add this payment option. If you process over \$100,000 annually, you'll probably want to accept other payment methods.



Payment processing costs when included with online donation form generator

Some web sites specialize in providing an all in one solution for non-profits to collect cash donations, create auction sign ups, or create event registrations.

The theory is you collect more money than you would normally (usually true), so it offsets any higher costs you may pay for the service which ranges from **free to \$29.95 per month and up plus other fees.**



Payment processing included with online donation form generator

PROS:

- Streamlines preparation for a function you might only do once a year.
- Some have SEO benefit of being in a portal for possible broader reach.

CONS:

- Checks usually sent once per month.
- Disconnect from offline CRM you may be using.
- Usually higher than normal **processing cost 3.5-5.5%**

RECOMMENDATIONS: If you only need this service occasionally, it's probably worth it to save all the event preparation time. For more frequent and diverse needs, consider a software solution that lets you create custom donation forms and choose your own merchant services provider.



Merchant Services provider costs

These numbers are going to be all over the place. So how can you tell if you are getting a good deal?

A typical average is 3% effective rate for online credit card processing. This rate varies by target audience and many factors, and can be lower, but generally should not be higher.

Larger nonprofit organizations usually need to be on **interchange pass through pricing** also known as **interchange plus pricing** to achieve this.



Merchant Services provider costs-part 2

Non-profit merchant accounts with >3% credit card processing effective rates usually have hidden information, few details, or poor price plan.

	Card Type	Discount Rate
Qualified	MasterCard	2.490%
Mid-Qualified	Visa	2.440%
Non-Qualified	American Express	
	Discover	2.490%
Totals		
flat rate - poor price plan		

bucket pricing= high effective rate

Visa/MasterCard/Discover Charges

Description	Sales Amount	Item Count	Discount Rate	Item Rate	Discount Charge
Visa	12.54	high start rate	2.5300	0.1100	34.19
MasterCard	30.05		2.5300	0.1100	44.13
Summary	42.59	1,857			328.32

Description	Sales Amount	Item Count	Discount Charge
COMM STND	0.96		0.42
VSP STND	6.58		7.80
COMM CNP C	15		2.19
COMM CNP P	.05		83.16
EIRF	1.13		175.06
US CR COMM	0.00		0.00
EIRF-US DB	3.67		84.63
MC REFCO3	0.00		0.00
MC REFCRP3	0.00		0.00

Extra fees depending on interchange level. Conceptually price plan style is OK, but not with these price levels.

This statement excerpt has been edited to obscure information.



Merchant Services provider costs-part 3

Interchange plus pricing includes this data on a statement-levels of interchange you qualified for and the associated interchange costs. (**best pricing plan**)

PENDING INTERCHANGE CHARGES **This statement excerpt has been edited to obscure information.**

Product/ Description	Sales Total	% Of Sales	Number of Transactions	% of Total Transactions	Interchange Cost Rate	Cost Per Transaction
VISA NONDEBIT						
CPS/RETAIL 2(EMERGING MKT	3.51		26		1.43	0.050
EIRF NON CPS ALL OTHER	50.00		1		2.30	0.100
MOTO ECOMM CREDIT	-600.00		-1		2.05	
BUSINESS CARD CNP	.00		129		2.25	0.100
CORPORATE CARD CNP	.70		2		2.20	0.100
PURCHASING CARD CNP	1.70		9		2.55	0.100
SIGNATURE PREFERRED CNP	716.00		84		2.40	0.100
VISA NONDEBIT TOTAL	21.51					
VISA DEBIT						
CPS/RETAIL2(EMERG MKTS)(D	.4		1		0.80	0.250
EIRF NON CPS ALL OTHER (D	125.00		5	0	1.75	0.200
CRVCHR MOTO ECOMM (DB)	-1.00		-1	0	1.87	
VISA DEBIT TOTAL	76.94		7			
Total	54.50					



Merchant Services pros & cons

PROS: only with certain credit card processing providers

- Cancel any time; no penalties
- Money in the bank within 24-48 hours, 6 days/week.
- Lowest cost solution for volume processing, with proper price plan
- Own all data collected- know who your donors are.

CONS:

- Need to create your own online donation forms or buy solution.
- Multiple suppliers for software, payment processing, gateway, and possibly additional online anti-fraud protection.

NOTES: Typical **effective rate is 3%** or less for ecommerce

RECOMMENDATIONS:

Best solution for any higher volume credit card processing.



Why call 3D Merchant Services?

Getting the right deal and the right contract are only part of the solution. A consultant who understands your industry and your operation needs can help you:

- **Permanently manage payment processing costs.**
- **Improve PCI Compliance.**
- **Improve risk management.**
- **Reduce costly chargebacks and downgrades.**
- **Reduce internal staff costs by improving efficiencies.**

The average non-profit will reduce credit card processing expenses 25%+.



If you learned something valuable, doesn't it make sense to take the next step and call someone who 'knows their stuff'?

1. Fax your merchant statement for free analysis to 954-942-9804 or call for email address. *MUST PROCESS \$1,000,000+ ANNUALLY, my specialty.*
2. Join me for a confidential, live Webex presentation where you'll learn:
 - Secrets to understanding your merchant statement - the way our industry sees it.
 - How much money can you really save?
 - Q&A

Christine 954-942-0483

There is never a consulting fee.

3D MERCHANT SERVICES
ANALYZE | PROCESS | REPEAT