Credit Card Sean
Certified Payments Professional

FREE GUIDE

How to lower your card processing costs

A plain-English guide for business owners: find what you really pay, spot the fees worth questioning, and lower your costs with or without switching processors.

By **Sean Carriveau, Certified Payments Professional**. 100+ businesses helped. Reviewed October 17, 2026.

Know what you pay. Then choose what fits.



Most business owners have never had their card processing bill explained to them. That isn't on you. Statements run six to twelve pages, every processor names the same fee a little differently, and the one number that matters is rarely printed anywhere.

This guide walks through it the way I do when I sit down with an owner: find what you really pay, see which parts can change, and then decide what to do about it. Grab a recent monthly statement and a pen. The whole thing takes about 15 minutes.

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STEP 1

Find the one number that matters

Your effective rate is everything you paid to accept cards, divided by the card sales you took. It is the only number that lets you compare one setup with another, because it counts every fee, not just the advertised rate.

A. Total card sales for the month

Called total volume, gross sales, amount submitted, or processed sales. Usually on page one.

$ _____

B. Total fees for the month

Called total fees, total charges, or total discount. If fees are split into sections, add them all up, monthly fees included.

$ _____

Effective rate = B ÷ A × 100 _____ %

Example: $20,000 in card sales and $640 in total fees. 640 ÷ 20,000 = 0.032, so the effective rate is 3.2%.

Do it for two or three months. A slow month makes the rate look higher, because the fixed monthly fees are spread over fewer sales.

Then do it for a statement from a year ago. If the number went up and your business didn't change, your pricing probably did.

There is no single "good" rate for everyone. A coffee shop full of small tapped debit cards and an online store taking large rewards cards land in very different places, even with the same processor. What matters is whether the part you can control is fair for your kind of business. That's the next step.

STEP 2

Know which part of the bill can change

Every card payment is priced from the same three layers, no matter who your processor is.

- Interchange: the biggest piece. It goes to the bank that issued your customer's card, and Visa, Mastercard and the other networks set the rates. Rewards and business cards cost more than basic debit cards, and a card typed in usually costs more than one tapped. Every processor pays the same interchange.
- Card brand fees (also called assessments): small fees the networks charge on each sale. Also the same everywhere.

- Processor markup: everything your processor adds on top, monthly fees included. This is the only layer anyone can negotiate, and it's where overpaying happens.

So when someone promises to "beat your rate," the only thing they can really lower is the markup and the fees around it. How you take cards also decides which interchange rate you qualify for, and that part is up to you (step 5).

STEP 3

Find out how you're priced

Your statement shows the pricing model even if nobody ever explained it to you.

Pricing model	How to spot it	Good to know
Flat rate	One percentage on every sale (Square, Stripe and similar).	Simple. You pay the same markup on a cheap debit card as on a premium rewards card. Often fine at low volume.
Tiered	Words like qualified, mid-qualified and non-qualified.	The processor decides which bucket each card lands in, and many land in the pricey ones. The hardest model to check.
Interchange-plus (cost-plus)	Interchange listed at cost, plus a fixed markup.	The most transparent model, and often the lowest once you process steady monthly volume.

Roughly speaking, once a business steadily processes more than $5,000 to $8,000 a month in cards, interchange-plus often starts to come out ahead of flat rate, and the gap tends to grow with volume. Below that, the simplicity of flat rate can be worth a few dollars a month.

STEP 4

Go through the fees with a pen

Look for each of these on your statement (the PDF has a box to tick for each). Some are fair. Many are worth a question or a phone call.

	Fee	What it is	What you can do
☐	**PCI non-compliance (or non-validation)**	A monthly charge when your yearly security questionnaire isn't on file.	Usually avoidable. Complete the questionnaire (step 5).
☐	**PCI compliance or program fee**	A separate fee many processors bill everyone.	Ask what it covers. It's not the same as the non-compliance fee.
☐	**Monthly minimum**	A top-up charge when your fees fall below a set amount.	Ask to have it removed, especially if your sales are seasonal.

	Fee	What it is	What you can do
☐	**Statement, account or service fee**	A monthly charge for the account itself.	Ask what it pays for and whether it can be waived.
☐	**Gateway, virtual terminal or software fees**	Monthly fees for online or typed-in payment tools.	Cancel any you don't use.
☐	**Batch or settlement fee**	A small charge each time the day's sales are closed out.	Normal, but know the amount.
☐	**Annual, "regulatory" or compliance fee**	A once-a-year charge that's easy to miss.	Ask what it pays for.
☐	**Non-qualified or mid-qualified charges**	The pricier buckets on tiered pricing.	Ask to be moved to interchange-plus.
☐	**Equipment lease**	A monthly payment for a terminal or POS.	Check how many payments are left and the total cost. Compare with buying.
☐	**Chargeback fee**	Charged when a customer disputes a sale.	Clear receipts and a business name customers recognize keep disputes rare.
☐	**New fees or higher rates**	Often announced in a "notice of change" on the statement or an insert.	Compare with a statement from a year ago, and ask.

STEP 5

Lower your costs without switching

Most of these work with the processor you already have.

1. **File your PCI questionnaire**
   Call your processor, ask which questionnaire (SAQ) they have you down for, and complete it in their online portal. For most small businesses it takes under an hour and stops the non-compliance fee. Put a yearly reminder on your calendar.

2. **Take cards in person whenever you can**
   Tap, insert or swipe. A card typed in by hand or taken online usually costs more than one presented in person.

3. **When you do type a card in, add the ZIP code and security code**
   Typed-in sales sent without the billing ZIP code can cost even more, and the security code on the back helps stop fraud and disputes. Most terminals and virtual terminals have fields for both.

4. **Close out your sales every day**
   Sales that are settled late can be charged a higher interchange rate. Most terminals can close out automatically each night, so check that yours does.

5 **Cancel what you don't use**

Gateways, software add-ons, extra terminals, and services you signed up for once and forgot. Ask your processor for a list of everything you're billed for each month.

6 **Ask for a pricing review**

If your sales have grown, or you've been with the same processor for years, ask them to review your pricing. If you're on tiered pricing, ask for interchange-plus, and ask which fees they can remove.

7 **Read the notices**

Pricing changes usually arrive as a few lines on your statement or an insert nobody reads. When one shows up, work out your effective rate again.

8 **Sell to other businesses? Ask about Level 2 and Level 3 data**

If many of your customers pay with business or corporate cards, sending extra invoice details (tax amount, PO number, item details) can lower the rate on qualifying cards. The card brands changed these programs in 2025, so ask your processor what applies to your setup today.

9 **Think twice before leasing equipment**

Leases often run for years and can cost far more than buying the same terminal outright. Read the term and the total cost before you sign.

10 **Look at cash discount or dual pricing**

Showing a card price and a lower cash price can offset a large share of processing costs. It has to be set up correctly, with clear signs and receipts, and California businesses have state pricing rules to follow. My guides on cash discount programs and California surcharging rules cover the details.

More detail on cash discount, California surcharging rules and the PCI fee: creditcardsean.com/guides

STEP 6

Ask your processor these questions

Call the support number on your statement and write down the answers. A good processor will answer every one of them without fuss.

1. What was my effective rate for each of the last three months, with every fee included?
2. Am I on flat rate, tiered or interchange-plus pricing? What exactly is your markup?
3. Which fees on my statement are optional, and which can you remove?
4. Do you have a current PCI validation on file for me? When does it expire?
5. Have my rates or fees changed in the last 12 months?
6. Do I own my equipment, rent it or lease it? If it's a lease, how many payments are left?
7. When does my agreement end, and is there an early termination fee?

STEP 7

Before you switch, check these

Switching is sometimes the right move. Sometimes the best deal is the one you already have, once a few fees come off. Before you sign anything new:

- [ ] Get every quote priced on the same month of your real sales, not a sample rate.
- [ ] Count everything: the rate, per-sale fees, monthly fees, software and equipment.
- [ ] Check your current agreement for an early termination fee, and any equipment lease you'd still owe.
- [ ] Ask whether new equipment will work with other processors, or only with theirs.
- [ ] Ask who you call when something breaks, and how fast they answer.
- [ ] Switch only if the yearly savings clearly beat the cost and hassle of switching.

Want a second set of eyes?

If your rate looks high for your kind of business, you see tiered pricing, or there are fees you can't explain, I'm happy to take a look. Send me a statement and I'll work out your effective rate, explain every fee, and give you a written side-by-side comparison you can keep.

If your current setup is already a fair deal, I'll tell you that too. It's free, with no obligation.

Text or call (714) 466-4722
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General information, not legal, tax or financial advice. Fee names, card brand rules and laws vary and change over time, so confirm current details with your processor. Reviewed October 17, 2026. Sean Carriveau, Certified Payments Professional.