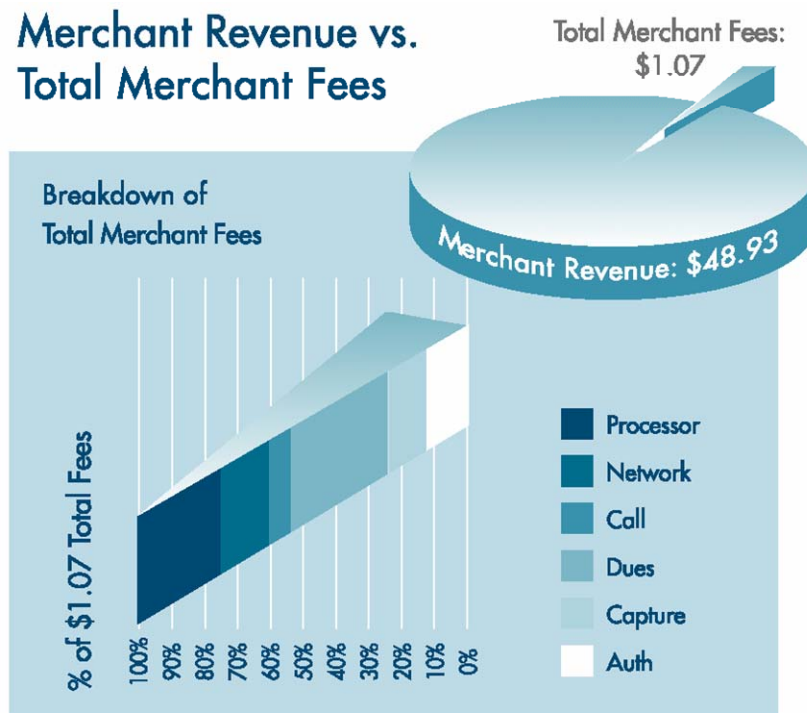


What Goes Into A Discount Rate – Who Gets the Money Collected From the Merchant?



Approximately 1.50% (Retail & Restaurant) goes to the Issuing bank (the cardholders bank) when the security codes are taken from the credit card (swiped).

Note: Hotels and Lodging merchants – slightly higher because of more customer service related inquiries. Approximately 2.00% (mail order/telephone order as well as Internet) – with managing more potential customer issues.

Approximately 0/10% goes to the Associations – Visa and MasterCard. Then like any other business, the processor has its cost of doing business, but usually the margins are slim. Suggested Visa/MasterCard guideline is 0.50%. Major Third parties like us are usually working on 0.10% - 0.25% depending on the type and amount of transactions per account.

Further Costs:

A few cents to access database for each authorization

A few cents to capture the information to process each item

A few cents for the phone call

A few cents to the network to manage it all

A few cents for the clearing (acquiring) bank that exchanges the electronic drafts with the issuing bank