



CARD ACQUIRING

Which pricing model to choose?



The topic of pricing in the card acquiring world is vital to your business but can be quite daunting and complicated at the same time. To make it easier for you to choose the best solution for your business, we'll briefly explain what the options are and give you tips to find a model that fits your needs best.

Let's start by explaining some basics

Three key aspects are the interchange fee, the card scheme fee and the acquirer fee: Interchange fee - Schemes (like MasterCard or Visa) normally set the interchange fees which are to be levied by the Issuer on the Acquirer for each card payment. The interchange rate determines the profitability for different types of transactions for both merchants and issuers. An interchange fee depends on a brand, region, debit/credit, card type (consumer / commercial) and transaction type.

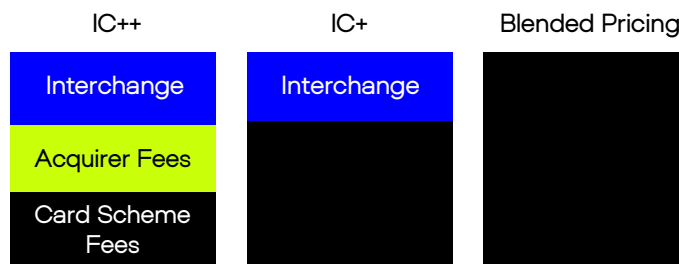
Card Scheme fees – These are fees that need to be paid to Visa and MasterCard for processing each transaction. They are fixed and not dependent on external factors.

Acquirer fees – That's a markup, acquirers (like PXP) charge to merchants for the card acquiring services.

Pricing Models Explained

Acquirers (like PXP) can offer three pricing models to their merchants and partners:

- Interchange Plus (IC+)
- Interchange Plus Plus (IC++)
- Blended Pricing



So how do the three work?

In Blended Pricing Model, you receive one, fixed price for acquiring card transactions. When offering this pricing model, acquirers base the final offer on volume, card profile (debit / credit, customer / commercial & regions: domestic / intra / inter), and risk category.

In Interchange Plus model, the acquiring fee you pay consists of two elements: a fee negotiated with your acquirer, and interchange. This model is more transparent than blended pricing and you see both fees listed clearly on the invoice. Interchange ++ model offers maximum transparency and the fee you pay consists of three elements: card scheme fees, an acquirer fee, and interchange.

Which model is right for you?

It depends on the size of your business and how advanced your system is. IC+ and IC++ models offer high transparency but do require your system to handle more detailed information. If your system is not ready for consuming this information, blended pricing model will be right for you.