

How US businesses can use benchmarking and renegotiation to lower merchant services costs



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Merchant services benchmarking compares a business' merchant services rates and fees to those of other companies in the same industry. This can be a helpful way for businesses to identify areas where they may be overpaying for their merchant services and to negotiate better rates with their current provider or switch to a new one.

There are several benefits US businesses can gain by benchmarking their payment

processing costs and renegotiating their rates with payment service providers. Often, these improvements take place without needing to move payment processors. For example, 80% of businesses that use Bankbrokers' benchmarking services remain with their existing provider but on improved terms.

Benchmarking and improving payment processing costs can benefit businesses in the following ways:

- ✓ **Increased profitability:** By saving money on your merchant services costs, you can increase your bottom line and improve your profitability.
- ✓ **Enhanced competitive edge:** By having lower merchant services costs than your competitors, you can gain a competitive advantage and attract more customers.
- ✓ **Improved cash flow:** By reducing your monthly merchant services payments, you can improve your cash flow and free up money to invest in other business areas.



Four critical steps to take

There are several steps that US businesses can take to benchmark merchant services costs and reduce them:



1 GATHER DATA

Gather data. The first step in merchant services benchmarking is gathering data on your current rates and fees. This information should include the following:

- **The type of merchant account you have (e.g., retail, e-commerce, mobile)**
- **The monthly or annual fee for your merchant account**
- **The percentage of each transaction that is charged as a processing fee**
- **Any additional fees, such as monthly minimums or PCI compliance fees**



2 COMPARE

Compare your rates to industry standards. Once you have gathered data on your current merchant services rates and fees, you can compare them to industry standards. There are several resources available to help you do this, and businesses such as Bankbrokers maintain comprehensive benchmarks that can be used to provide clarity and cost-saving analysis.

Four critical steps to take



3 NEGOTIATE

Negotiate with your current provider. Once you have identified areas where you may be overpaying for your merchant services, you can start negotiating with your current provider. You may get a lower rate by agreeing to a longer contract term or increasing your monthly or annual volume. Working with experts can help with these discussions and provide better results.



4 SWITCH

Switch to a new provider. If you cannot negotiate a better rate with your current provider, you may want to consider switching to a new one. In this case, benchmarking data can help to quickly identify these options and clearly highlight the cost benefits of changing.

Top tips when renegotiating payment processing fees

Here are several best practice points to remember when renegotiating payment processing fees:



Share benchmarking data with your existing payment processor as part of a discussion about improving the costs they are charging.



Set realistic goals and expectations before negotiating. Discuss what kind of outcome you would like to achieve before negotiations with the payment service provider.



Research the market and compare rates and fees with other providers to ensure you get a good deal.



Be prepared to walk away if the negotiations do not go your way. You should always have a contingency plan in case the negotiation fails.

By following these tips, businesses can gain an advantage when negotiating payment processing fees, and this can lead to significant savings and improved cash flow in the long run.



Bringing it all together

Benchmarking and renegotiating payment processing costs and workflows can be a game-changer for businesses. With accurate data and negotiation tactics, companies can save money and optimise their cash flow to improve their bottom line. This can lead to increased profitability, competitiveness, and customer satisfaction.

By comparing industry averages and utilising expert help where necessary, businesses can identify opportunities for savings within their systems and make informed decisions about what fees are required based on current market conditions and customer demands.



Contact us

Contact us for further information and testimonials on how Bankbrokers has used benchmarking to lower their merchant services worldwide. In addition, how industry specialists have helped review merchant services options and solutions to lower costs and offset the impact of rising inflation.

Our team of friendly experts can help your business secure the support you need.

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