



An Extended Guide · No. 1893

What Card Processing Really Costs — Rates, Fees and Fine Print

The headline rate, the fees beneath it,
and the one number that tells the truth

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! The headline rate is never the whole cost

If you only remember one thing from this guide, make it this: the big percentage on the pricing page is the start of the story, not the end. The real cost of taking cards is that rate PLUS a handful of smaller fees underneath it. This guide shows you every one of them, in plain English, so nothing surprises you on your statement.

Let's figure out what cards really cost you

Every business that takes cards pays to do it — that part is normal and unavoidable. What isn't normal is paying more than you need to because the real cost was buried in fine print you were never shown.

I'm Bill, and I run Bill's Home Tech here in Portage County, Ohio. I've spent 30+ years helping folks make sense of their technology, and a lot of what I do now is sitting with small-business owners and reading a processing statement line by line until it finally makes sense.

I'll be straight with you: I run my own little shop on Square, so I know its pricing best. But every system — Square, Clover, Toast, Shopify, or a bank's offer — works off the same basic machinery. Once you understand that machinery, you can read any deal and spot a bad one. I sell no processing and earn no commission, so this is just honest arithmetic.

★ We'll keep the math gentle

Don't worry, there's no scary math here — just a little adding and dividing you can do on any phone. If you'd rather I sat down and did it with you on your own numbers, that's one of my favorite visits. Call (330) 200-8042.

The whole guide, on one page

If you remember only these things, you'll already see your processing costs more clearly than most owners do.

- ❑ Two main pricing styles: flat-rate (one simple percentage plus a few cents) and interchange-plus (wholesale cost plus a set markup).
- ❑ Flat-rate bundles most fees into that one percentage — easy to read. Interchange-plus can cost less at high volume but is harder to read.
- ❑ The number that actually matters is your **effective rate**: total fees divided by total sales. Learn to compute it.
- ❑ Below the headline rate hide monthly, PCI, statement, batch, gateway, minimum, chargeback, AVS, cross-border, and assessment fees.
- ❑ Watch for the PCI non-compliance penalty, the monthly minimum, and an equipment lease dressed up as a 'free' terminal.
- ❑ Every rate and fee moves — confirm today's numbers on the company's own pricing page before you rely on them.

✓ One number to rule them all

When you want to compare two processors fairly, don't compare headline rates — compare effective rates on a real month of your own sales. That one habit beats every sales pitch you'll ever hear.

Where your card fee actually goes

To read a processing bill, it helps to know who gets paid when a card taps. There are really three mouths to feed, and your processor only controls one of them.

The card-issuing bank (interchange)

The biggest slice is called interchange. It goes to the bank that issued your customer's card, and it's set by the card networks — not by your processor. Nobody can get you out of paying it. A rewards card costs more interchange than a plain debit card, which is why fancy cards cost you more to accept.

The card network (assessments)

A smaller slice, the network assessment, goes to Visa, Mastercard, Discover, or American Express for running the rails. Also fixed, also unavoidable.

Your processor (the markup)

The last slice is your processor's own markup — the part they actually control and compete on. When a salesperson offers you a 'better rate,' this is the only piece that's really changing. Everything else is the same for everybody.

✓ Why this matters

Interchange and assessments are wholesale costs nobody escapes. So when you compare deals, you're really only comparing each processor's markup and their extra fees — not the whole percentage. That's the game.

Flat-rate pricing — one simple percentage

This is the style most small sellers start with, and for good reason: it's the easiest to understand and budget around.

With flat-rate pricing, your processor rolls interchange, assessments, and their own markup into one published number — a percentage plus a few cents per sale. Square and Shopify are the familiar examples. As of late 2026, in-person flat rates land roughly in the mid-2% range plus about 10 to 15 cents, with typed-in and online sales costing more. Confirm today's exact figures on the company's own pricing page before you rely on them.

The beauty is predictability. You know your cost on every sale, there's usually no monthly fee on the entry tier, and the statement is short. Most of the hidden fees we'll cover simply don't apply — they're bundled into the one rate.

Flat-rate tends to suit

- Smaller businesses that want a predictable, easy-to-read cost.
- Owners who'd rather pay a touch more for simplicity than chase the last half-percent.
- Anyone who values no monthly fee and no long contract to start.

★ Simple has real value

Don't let anyone shame you for paying a flat rate. The hours you save not decoding a complicated statement are worth something too. I use a flat rate myself for exactly that reason — but read on, because at higher volume the math can shift.

Interchange-plus — wholesale cost plus a markup

The other main style shows you the wholesale cost and the processor's markup separately. It can save money at volume, but it asks more of you as a reader.

With interchange-plus (sometimes called interchange-pass-through), your statement shows the actual interchange and assessments for each sale, then adds the processor's fixed markup on top — say, a small percentage plus a few cents. Because the markup is fixed and visible, you can see exactly what your processor is earning.

The trade-off is readability. The statement is longer and busier, and your rate effectively changes with the mix of cards your customers use. For a higher-volume business, though, a thin fixed markup over wholesale often beats a flat rate — which is why many growing shops switch to it.

! Beware tiered pricing dressed up as interchange-plus

If an offer sorts your sales into 'qualified,' 'mid-qualified,' and 'non-qualified' buckets, that is tiered pricing, not true interchange-plus. It's designed to be hard to read and usually costs more than it looks. Our statement-reading guide shows you how to spot it. Treat it as a red flag.

The one number that actually matters

Forget the headline for a moment. The honest measure of what cards cost you is your effective rate, and you can work it out in under a minute.

Your effective rate is simply your total card fees for a period divided by your total card sales for the same period, turned into a percentage. It folds in the headline rate AND every little fee underneath, which is exactly why it tells the truth when a headline rate won't.

How to compute it

- Take one month's statement. Find your **total fees** (every charge, not just the percentage line).
- Find your **total card sales** for that same month.
- Divide total fees by total card sales, then multiply by 100. That's your effective rate, as a percentage.

If your effective rate is noticeably higher than the headline rate you were quoted, the gap is all those extra fees — and that gap is where your money is quietly going. Comparing two processors on effective rate, using your own real numbers, is the only apples-to-apples comparison there is.

✓ Do it on a real month

A quiet month and a busy month can give different effective rates because fixed monthly fees spread across more or fewer sales. Run the number on a typical month, or average a few, for a fair picture.

The fees below the headline rate, part one

Here's the quiet crew of charges that live underneath the percentage. Not every processor charges all of them — flat-rate systems bundle most away — but when you compare offers, ask about each by name.

The recurring charges

- **Monthly / account fee:** a flat charge just to have the account, whether you sell anything or not.
- **Monthly minimum:** if your fees for the month don't reach a set floor, they bill you up to it. Painful in slow months.
- **Statement fee:** a small charge to send you the statement — yes, a fee to be told about your fees.
- **PCI-compliance fee:** a recurring charge tied to card-security paperwork (more on the penalty version next page).

The per-action charges

- **Batch fee:** a few cents each time you close out (batch) the day's sales.
- **Gateway fee:** a charge to run online or keyed-in payments through an online gateway.

! A low rate can hide fat fees

This is exactly how a 'cheaper' rate turns out to cost more. A rock-bottom percentage stacked with monthly, statement, batch, and gateway fees can beat a slightly higher flat rate with none. Always add up a full month.

The fees below the headline rate, part two

The rest of the crew. These show up on the right kind of sale or at the wrong moment in a contract, so know them before they find you.

Fee you might see	What it is and when it hits
PCI non-compliance	A monthly penalty if you skip the security paperwork
Chargeback	Charged when a customer disputes a sale
Address verification (AVS)	A small fee on keyed sales that check an address
Cross-border / international	On cards issued outside the US
Network assessment	The card networks' own per-sale slice
Early termination	To leave a term contract before it ends
Equipment lease	A recurring charge for leased hardware

The PCI non-compliance fee is the sneakiest — it's a monthly penalty the processor adds when you haven't completed the short security self-assessment. It's often avoidable just by filling out the form. The equipment lease is the most expensive over time, and it gets its own guide.

★ **Ask for the full fee schedule in writing**

Any honest processor will hand you a complete fee schedule if you ask. If a rep dodges, quotes only the headline rate, or won't put the fees in writing, that reluctance is your answer. Bring me the schedule and I'll help you read it — call (330) 200-8042.

Comparing two offers the fair way

Here's the whole method on one page. Do this and no salesperson can fog your judgment with a shiny headline rate.

The five-minute comparison

- Estimate a normal month: your total card sales and roughly how many individual sales that is.
- For each offer, multiply sales by the rate and add the per-sale cents times your number of sales.
- Add every monthly fee: account, statement, PCI, gateway, minimum, and any lease.
- Divide each offer's total by your total sales to get its effective rate.
- Compare the two effective rates — plus the contract terms, which matter as much as the money.

A deal with a slightly higher flat rate and zero monthly fees often beats a 'low' interchange-plus offer buried in add-ons — especially for a smaller shop. The only way to know is to run your own numbers. The contract length and exit terms sit alongside the math, never behind it.

✓ Keep the loser's quote

Save the offer you turned down, with its date. If your current processor ever creeps its fees up, a competing quote in hand is your best tool for asking them to sharpen their pencil.

Two kinds of small business, two setups

How you sell changes which fees you'll actually run into, so the cost picture for a tidy storefront looks different from the one for a vendor working a market from a folding table.

If you sell from a fixed counter or shop

Most of your sales are tapped or dipped in person, at a steady counter. You'll live mostly on the card-present rate, which is the lowest, so your effective rate can stay close to the headline if you avoid needless fees.

- In-person (card-present) rates are the cheapest — keep as many sales on the reader as you can.
- Watch for monthly, statement, batch, and PCI fees that nibble at a fixed-location account.
- A monthly minimum stings less here, since steady counter volume usually clears it.
- If a bank offers a Clover deal, read it for a lease and a term contract (see our terminal-leases guide).

If you sell on the go — markets, trucks, house calls

You sell from a booth, a truck, or a customer's living room, and you often key in a card or send an invoice when a tap won't work. Those keyed and online sales cost more, so your effective rate can drift above the headline.

- Keyed-in and online rates run higher than in-person — expect it and price for it.
- Keyed sales may add an address-verification (AVS) fee; invoices usually bill at the online rate.
- A no-monthly-fee flat rate suits seasonal or part-time selling — you pay only when you sell.
- Tap beats key whenever you can manage it; it's cheaper and safer for disputes.

★ Not sure which fees apply to you?

Tell me how and where you take most of your payments and I'll tell you which of these fees you should actually care about — and which you can ignore. Call or text (330) 200-8042.

Why how you take the card changes the price

The same card can cost you three different rates depending on how it reaches your system. This is one of the easiest ways to trim your effective rate without switching processors.

When a card is tapped or dipped in person, the networks treat it as lower risk, so it earns the lowest rate. When you key in the number by hand, or take it over the phone, the risk is higher and so is the rate. Online checkout sits in between or higher, depending on the system.

As of late 2026, a typical flat-rate system charges its lowest rate for a tap or dip, a higher rate for online, and its highest for keyed or card-on-file sales. Confirm the current spread on your processor's pricing page — but the order almost never changes.

✓ Take the tap when you can

If a customer is standing in front of you, let them tap or dip rather than reading you their number. It's cheaper, and it's safer if the sale is ever disputed, because an in-person card is far harder to charge back.

The PCI fee and its evil twin, the penalty

PCI gets its own page because it trips up so many owners. The fee itself is minor; the penalty for ignoring it is not.

PCI DSS is the card industry's security standard — the rules for handling card data safely. The current version is PCI DSS v4.0.1 as of late 2026. Most small merchants satisfy it by completing a short yearly self-assessment questionnaire, and if you use Square, Clover, Toast, or Shopify with their own listed hardware, those systems do most of the heavy lifting for you.

Many processors charge a small recurring PCI-compliance fee to cover the program. Fair enough. But if you never complete the self-assessment, a lot of them add a PCI **non-compliance** fee on top every single month — a real penalty for skipping a free form. Owners pay it for years without knowing why.

! Fill out the form and keep the receipt

Log in, complete the self-assessment your processor points you to, and save proof you did. That one chore can erase a recurring penalty. If you're not sure which questionnaire applies, ask your processor — or ask me and I'll help you find it.

The 'free' terminal that isn't free

A popular offer is a free credit-card terminal. It's worth knowing how that free machine tends to get paid for, because it usually does.

A terminal offered at no upfront cost is frequently tied to a longer processing contract, a higher markup, or a separate equipment lease that quietly bills every month. Over a few years, a leased terminal can cost several times what the same hardware would cost to buy outright.

None of that appears in the headline rate, which is exactly why it slips past people. When you add the lease into your effective-rate math, the 'free' terminal often turns out to be the most expensive part of the deal. Our terminal-leases guide walks through how to spot and escape these.

✓ Buy the hardware where you can

The small readers from Square and Shopify are cheap to own outright, and owning your gear keeps you free to switch processors. Prefer buying a terminal over leasing one, almost every time — our card-readers guide covers the choices.

Can you pass the fee to the customer?

A fair question a lot of owners ask: if cards cost me, can I charge the customer for using one? Sometimes — but there are firm rules, and this is where I point you to the official sources.

A credit-card surcharge is allowed in many places within limits. As of late 2026, the card networks cap a credit surcharge (Visa at 3%), it may never exceed your actual cost of acceptance, and you may **not** surcharge debit or prepaid cards at all. You must give 30 days' written notice to the card brands and your processor before you start, and post clear signs at your door and register.

Ohio does not prohibit credit-card surcharging, but a few states restrict or ban it, so the rules depend on where the sale happens. A cash discount is a different model with different handling. Set either one up through your processor so it's done compliantly.

! Get this one right with a pro

Surcharge rules are part network policy and part law, and I'm a tech helper, not your attorney. Confirm the current rules with your processor and your attorney before you add a single surcharge — doing it wrong can cost you your card acceptance.

How the big systems price it (as of late 2026)

A fair, even-handed snapshot — not a ranking. Every one of these changes its numbers, so treat these as the shape of each deal and confirm the current figures on the company's own pricing page.

- **Square:** flat-rate, no monthly fee on the free tier, month-to-month. Simple to read; paid plans lower the rate.
- **Shopify POS:** flat-rate tied to a Shopify plan, no long contract. Strongest when you also sell online.
- **Clover:** a monthly software fee plus a card rate, but the deal varies a lot by the bank or reseller — often a multi-year contract.
- **Toast:** restaurant-focused, software fee per terminal by tier, typically multi-year with auto-renewal; hardware often financed.

Notice the pattern: Square and Shopify compete on a clean flat rate and no lock-in; Clover and Toast layer a software fee and often a contract. Neither approach is wrong — but the contract and lock-in differences matter to your wallet as much as the headline rate. Our choosing-a-system guide weighs the full fit.

✓ Confirm before you quote yourself a number

Please don't budget off the numbers in this paragraph a year from now. Pricing pages are the source of truth, and they move. Check the live page the week you decide.

Questions to ask before you sign

Read these to any salesperson — or to me. Honest answers come easily; dodged ones tell you plenty.

Q: Is this flat-rate or interchange-plus — or tiered?

Flat-rate is simplest. True interchange-plus shows a fixed markup over wholesale. If you hear 'qualified' and 'non-qualified' buckets, that's tiered — treat it as a red flag.

Q: What is every fee beyond the rate, in writing?

Ask for the full fee schedule: monthly, statement, batch, gateway, PCI and the non-compliance penalty, minimum, chargeback, AVS, and cross-border. Get it on paper with a date.

Q: Is there a monthly minimum, and how much?

A minimum can quietly tax your slow months. Know the number and whether your typical volume clears it.

Q: Is any equipment leased, and is there a contract?

A lease and a term contract can cost far more than the rate ever saves. Prefer buying hardware and a month-to-month deal.

✓ Make them show their work

A good rep will happily walk you through the full schedule and help you estimate a real month. If yours rushes you or won't commit numbers to paper, that's a reason to slow down, not to sign.

Common mistakes people make

A few avoidable slip-ups account for most of the money owners overpay on processing. Now you'll see them coming.

- **Comparing headline rates** instead of effective rates, and missing the fees that make the real difference.
- **Falling for tiered pricing** with its 'qualified' and 'non-qualified' buckets that hide the true cost.
- **Paying the PCI non-compliance penalty** for years because nobody ever filled out the free self-assessment.
- **Taking a 'free' terminal** without noticing the lease or longer contract that pays for it.
- **Never re-checking** — fees creep up over time, and a statement you stopped reading is a statement that grows.

! The slow leak

The most expensive mistake isn't a single bad deal — it's not looking again. Fees drift upward quietly. Read one statement closely each year, recompute your effective rate, and you'll catch the leak early. Our statement-reading guide makes that yearly check painless.

Putting it together — a worked example

No real dollar figures here, just the shape of the arithmetic, so you can drop in your own numbers tonight.

Say you pull last month's statement. You find your total card sales and your total fees — every charge on the bill, not only the percentage line. You divide total fees by total sales and multiply by 100. That percentage is your true cost of taking cards.

Now do the same with a competitor's written quote applied to that same month: their rate on your sales, plus their monthly and per-item fees, divided by your sales. If their effective rate is lower AND their contract is friendlier, that's a real reason to switch. If the effective rates are close, the better contract wins — flexibility is worth money.

★ Bring me your statement

This is the exact exercise I love doing at a kitchen table or a back counter. Bring your latest statement and any quote you've been handed, and we'll compute both effective rates together in a few minutes. Call (330) 200-8042.

When it's worth shopping around

You don't have to re-shop your processor constantly. But a few moments make it worth a fresh look.

- Your sales volume has grown a lot — interchange-plus may now beat your flat rate.
- You spot fees on your statement you don't recognize or can't explain.
- Your effective rate has crept up noticeably from a year ago.
- You're being asked to renew a contract, especially one with an auto-renewal clause.
- You've added online sales, invoices, or a second location that change how you sell.

When one of these is true, run the five-minute comparison from earlier with a current quote or two. Often you'll find your deal is still fine and you can relax. Sometimes you'll find real savings. Either way, you decided with numbers, not a sales pitch.

✓ Loyalty isn't rewarded automatically

Processors rarely lower your rate just because you've stayed. A polite note with a competing quote attached does more than years of quiet loyalty. It never hurts to ask.

Setting honest expectations

A word of reassurance before the questions. Knowing what's normal keeps you from chasing savings that aren't there.

Everyone pays to accept cards — there's no secret rate that makes it free, and anyone promising 'zero fees' is simply moving the cost somewhere you haven't looked yet. The goal isn't to pay nothing; it's to pay a fair, clear price and not a penny of needless fee on top.

For most small shops, the difference between a good deal and a bad one is a fraction of a percent plus a handful of avoidable monthly fees. That adds up over a year, but it won't make or break you. Read your statement, know your effective rate, and get back to running your business.

✓ Clarity beats a fraction of a percent

If a simple, readable flat rate costs you a hair more than a complicated deal, the clarity may well be worth it. Peace of mind and an hour not spent decoding a statement have real value too.

Common Questions

The questions I hear most from owners trying to pin down what cards really cost, answered plainly.

Q: What's a 'normal' rate to pay?

There's no single right number — it depends on how you sell and your volume. Instead of chasing a headline, compute your effective rate and compare it to a fresh quote. That tells you if you're paying fairly.

Q: Is interchange-plus always cheaper than flat-rate?

No. It can win at higher volume because the markup is thin and fixed, but for a smaller shop the simplicity and no-monthly-fee of a flat rate often come out even or better. Run your own month to see.

Q: What is this PCI fee on my bill?

A charge tied to card-security compliance. The fee itself is minor; watch for the separate non-compliance penalty, which you can often erase by completing a short self-assessment. Ask your processor which one applies.

Q: Can I just pass the fee to my customers?

Sometimes, within strict rules — credit only, within caps, with notice and signage, never on debit. Ohio permits it but other states differ. Confirm with your processor and attorney before you start.

Q: How often should I check all this?

Read one statement closely a year and recompute your effective rate. Fees creep, and that yearly habit catches it. Our statement-reading guide makes it quick.

★ Let's find your real number

Figuring out what you actually pay — and whether it's fair — is one of the most useful hours I spend with an owner. Bring your statement and call or text me at (330) 200-8042. No processing to sell, no commission, just honest math.

You don't have to figure this out alone

You just have to remember that a friendly, patient person who speaks plain English is one call away.

I hope this guide made what card processing really costs feel a little less daunting and a lot more doable. Keep it with your other business papers, come back to a page whenever you need it, and don't feel you have to memorize a thing.

When you'd rather have a hand, that's exactly what I do. I come to your shop or your kitchen table, work at your pace, and never make you feel rushed or silly for asking. A first visit is a flat \$99, and for the parts that don't need me on-site I can often help right on your screen for \$49. Every visit comes with a 30-day, come-back-free guarantee. I don't sell payment processing and I earn no commission from any company — so the advice you get is just honest advice. For the tax and legal fine points, I'll point you to your accountant or attorney.

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Two Ways Processors Price It

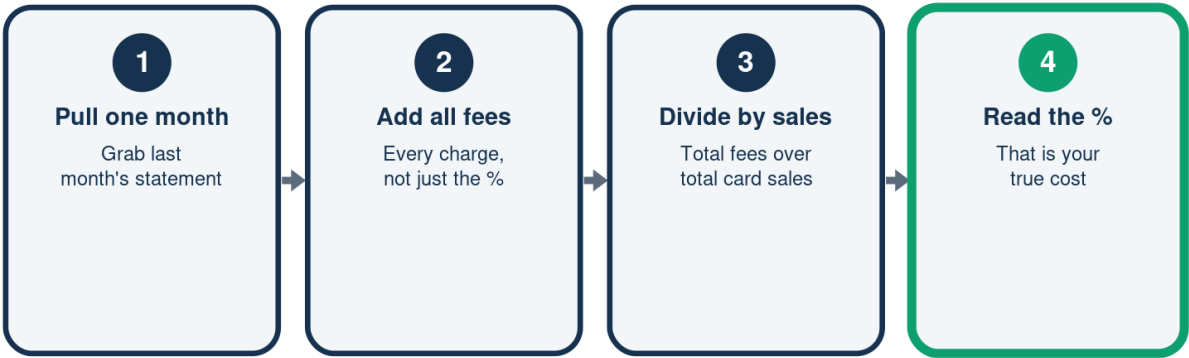
Simple to read vs. cheaper at volume

	Flat-rate	Interchange-plus
The rate	One % + cents	Wholesale + markup
Reads	Easy	Harder
Monthly fees	Often none	Often several
Best when	Smaller volume	Higher volume

Neither is best for all -- confirm current numbers before you sign.

Find Your Effective Rate

The one number that tells the truth



Compare processors on this number, using your own real sales.

Fees That Hide Below the Headline

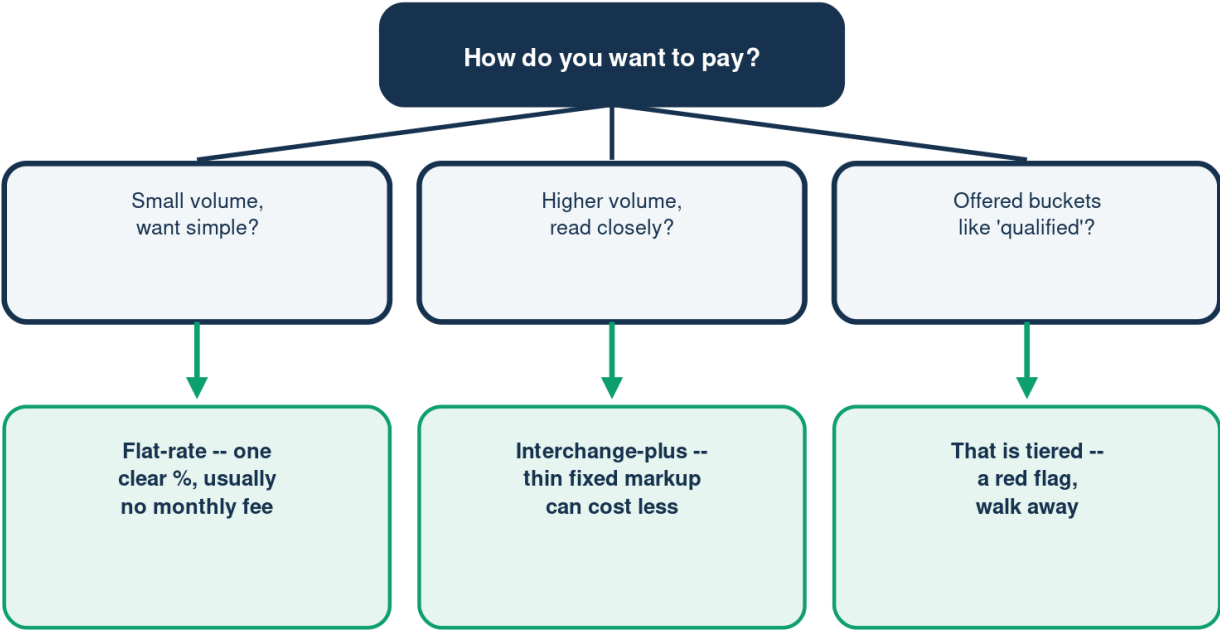
Ask about each one by name

What it is	
Monthly	Just to have it
PCI penalty	Skipped the form
Statement/batch	Sending, closing out
Gateway	Online or keyed
Lease	'Free' terminal

Flat-rate bundles most away; contracts often add them back.

Which Pricing Style Fits You?

Let your volume and patience point the way



Rates and fees change -- confirm today's numbers before you decide.

Illustration - a schematic, not to scale. Your setup may differ.



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A Note From Bill

A quick note from Bill.

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