

Level 2 And Level 3 Credit Card Processing

Last Modified on 02/13/2024 8:41 pm PST

How to achieve target interchange and pay the lowest eligible rate possible for your credit card acceptance

What is target interchange?

A business's card acceptance cost consists of a mix of interchange fees, association fees, gateway/terminal fees, and processing fees. Interchange fees (paid to the card brands) are determined by the rate programs available to your industry type and the data that you send with each transaction. Target interchange is the intersection of properly setting your business with the correct industry classification combined with the proper data transmission.

Lower the interchange rate you pay with Level 2 and Level 3 processing

If you accept payments from businesses or government organizations using commercial cards, you can reduce your credit card processing fees by qualifying these eligible commercial and purchasing cards for Level 2 and Level 3 data interchange rates. Passing this transactional data to the card brands can reduce the cost of a transaction by as much as 1.20% (120 basis points).

What is Level 2 data? (To qualify for Level 2 transactions, the following must be provided)

- Customer code (purchasing cards only)
- Invoice number
- Merchant postal code
- Merchant tax ID
- Order number
- Tax indicator
- Sales tax amount

What is level 3 data? (To qualify for Level 3 transactions, the following must be provided)

- Debit or credit indicator
- Discount amount
- Discount per line item and the line item total
- Duty amount
- Freight/shipping amount
- Product code
- Postal code
- Item commodity code
- Item Quantity
- Product/SKU description
- Item unit of measure
- Item extended amount
- Invoice amount

How do I pass Level 2 & Level 3 data?

Qualpay will help ensure your account is set up properly to accept level 2 and 3 data during the set-up process. All you need to do is mention that you accept commercial cards, and Qualpay will configure your account to template this information to meet the above requirements and qualify for the lowest eligible

rate.

Qualpay can also work with your ISV/software provider to ensure this data will be passed.
