



Intelligent Rate

Price Each Service Fee At Actual Cost

FOR GOVERNMENT AND EDUCATION



CardX.com

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THE PROBLEM

Institutions face trade-offs between their own economic interests and their consumers' satisfaction.

While the use of credit and debit cards provides convenience for consumers and collectability for the institution, it creates transaction costs that can be allocated only in a limited number of ways. A payment with a card costs on average 2-3% to process, much of which goes to the bank that issues the card and funds rewards for cardholders. Different costs are associated with different card types: for example, debit cards cost significantly less to accept than cards with extensive rewards.

Many institutions choose to pass on a fee for processing when consumers make payments by card.

On the conventional approach, this service fee is assessed as a single, flat-percentage rate—such as 2.75%—for all credit cards and debit cards. While this approach meets important economic interests for the institution, it also produces consumer affordability concerns. When a consumer absorbs an additional service fee, she effectively pays more for her education or her government services. Moreover, a flat-rate service fee forces a consumer with a low-cost card to subsidize a consumer with a more costly rewards card.

THE SOLUTION

Intelligent Rate improves on the flat-rate service fee model, pricing different cards at their different costs.

The patent-pending technology calculates the cost of the card the consumer chooses in real time, as the consumer types her card information within the payment page itself. Instead of charging a flat rate, Intelligent Rate automatically prices the service fee in proportion to what each transaction will actually cost.

The result is that consumers with low-cost cards, such as debit cards and no-frills credit cards, absorb a lower fee.

Recent regulatory activity underscores the need for transparency and fairness in consumer financial transactions. Intelligent Rate's transparent service fee pricing helps institutions get ahead of these important trends. Intelligent Rate gives the consumer real-time information about savings, enabling her to reduce her service fee by choosing a lower-cost form of payment. The conventional, flat-rate service fee model can be good for the institution—but it is not always good for its consumers. Through technological innovation, Intelligent Rate meets both of these important interests.

68% OF CONSUMERS SAVE WITH INTELLIGENT RATE*

Conventional Service Fee

Your Institution's Cost	Your Consumer's Cost
0%	2.75%

Intelligent Rate

Your Institution's Cost	Your Consumer's Cost
0%	as low as 0.6%

*Compared to a flat-rate service fee of 2.75%.
Data from a case study of 1000 government services transactions at an Ohio municipality.

Intelligent Rate is available in the following merchant category codes:

MCC 9311 – Tax

MCC 9222 – Fines

MCC 9211 – Court Costs

MCC 9399 – Misc. Government Services

MCC 8220 – College Tuition

MCC 8211 – Elementary/Secondary Schools

MCC 8244 – Business

MCC 8249 – Trade Schools



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