

# ***SNAP EBT Third Party Processor (TPP) List and Guidance to Retailers***

Updated as of October 29, 2014

The list below provides Third Party Processor options for SNAP-authorized retailers who may not know where to obtain EBT equipment and services. **All SNAP- authorized retailers, except those exempted below, must pay for their own EBT equipment and services and should arrange for lease or purchase of EBT equipment and services as soon as they can, in order to ensure future participation in SNAP.**

*EXCEPTIONS: Eligible farmers' markets, direct-marketing farmers, military commissaries, non- profit food buying cooperatives, group living arrangements, treatment centers, and prepared meal services (other than for-profit restaurants participating in State-option restaurant programs) may continue to qualify for free EBT equipment and services until further notice.*

This is not an all inclusive list and may be updated as FNS becomes aware of additional companies that provide this service<sup>1</sup>. FNS does not endorse any one company over the other; **you are NOT required to select from one of the companies below.**

FNS has not researched the performance, business practices, reputation or ethics of the companies included on this list, and cannot be held responsible for any unauthorized charges, errors, disputes, misleading information or other problems that result from selection of one of these TPPs. SNAP-authorized retailers need to conduct their own research and due diligence when selecting a TPP and should review the cost of leasing or purchasing equipment and services to make the best choice for their business. The attachment to this document provides some recommendations and guidance to retailers on what issues to consider when selecting a TPP.

<b>Third Party Processor</b>	<b>Number</b>
Bank of America Merchant Services	855-833-3614
Bankcard Services	800-520-4488
Big Sky Commerce	866-327-0611
Blackstone Merchant Services, Inc.	888-622-7043
Card Machine Outlet	800-980-0950
CDE Services	800-320-3789
Clearent	866-205-4721
Credit Card Terminal.com	877-295-6789

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<sup>1</sup> If you are a third party processor that wishes to be added to this list please contact FNS at [RPMDHQ-Web@fns.usda.gov](mailto:RPMDHQ-Web@fns.usda.gov)

Third Party Processor	Number
Fidelity Payment Services	855-794-7348
FIS Global	800-894-0050
GETVMS.COM	888-902-6202
Global Processing Systems	866-823-1960
Heartland Payment Systems	888-904-6773
HiTech Merchant Services	888-388-0186
North American Bancard	866-481-4604
Northern Payment Systems	877-774-9847
Payment Logistics Limited	888-572-9564 ext 1426
Paymentrix.com	877-292-0521
Total Merchant Services	800-823-2712 ext 235
TSYS Merchant Solutions	800-354-3988
Vantiv	866-622-2880
WorldPay	800-200-5965

# ***What to Consider When Selecting a TPP for Paid Equipment and Services***

## **1. Compare Deals from Several Companies**

- We recommend talking to at least three
- Compare services, contract requirements, pricing and reputation
- Then select the company that represents the best deal for your business

## **2. Services**

- Decide on what you need: Credit, debit and EBT, or just EBT?
- Some companies just provide EBT terminals, others provide EBT but only as an add-on to credit/debit card services
- If you already have a credit/debit terminal, ask your current service provider if they can add EBT – that may be the best deal for you, but first make sure they really understand EBT operations:
  - Do they support SNAP refunds?
  - Do they understand the use of vouchers and have a process to clear them so you can get paid?
- If you want to take credit/debit, then it makes sense to use the same terminal for EBT – look for a full service provider
- If you are only interested in accepting EBT, find out if they offer EBT-only services
- Do you want to buy or lease equipment – if you buy you will still have to pay monthly fees for processing but it may be cheaper in the end. If you lease you may be in a better position to upgrade equipment if technology or security requirements change.

## **3. Contract Requirements and Services**

- Ask about:
  - Length of contract – what is the minimum and maximum available – how does that affect pricing?
  - Does it renew automatically?
  - Are there penalties for early termination? If so, how much?
  - How much advance notice is required for no-penalty termination?
  - Who is responsible for equipment repair? You or the terminal provider?
  - How are service fees paid?
    - Direct debit from retailer's bank account? Daily or monthly?
    - Billed and pay by check?
  - What, if any, insurance is required?
  - Who pays for shipping fees to return or replace equipment?
  - How soon is replacement equipment guaranteed to arrive?
  - Does the company provide manual voucher forms for use during system outages and disasters? If so, what do they cost?
  - Are any of the following important to you? If so ask
    - 24 X 7 customer assistance?
    - Seasonal downtime – is there a reduced cost for out of season periods?

## **4. Cost**

- Find out about all costs – some companies charge extra for certain services
- Up front and other one-time fees – for cost comparison purposes these should be averaged over the life of the proposed contract; we recommend using three years for month to month contracts

## Attachment

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- Equipment purchase
- Application processing fee
- Initial set-up or activation fee
- Transaction fees – most companies charge a fee for every transaction
  - Credit and debit card fees are the most expensive because the card issuers pass interchange fees back to the merchant
  - EBT cards, by law, have no interchange fees and, therefore, should be much lower
  - Many companies offer tiered pricing – the more transactions you do, the lower the cost, for example, 15 cents for first 100 transactions, 13 cents for next 400, 10 cents for anything over 500
  - Some companies do not charge EBT transaction fees but have a higher monthly rate, or require that you accept credit/debit instead
- Monthly fees – these may be combined into a single monthly fee or may be charged separately; make sure you identify the cost of each
  - Equipment lease
  - Equipment maintenance
  - Processing costs
  - Direct deposit fees
  - Monthly statement
  - Customer service and technical support
  - Online access to transaction data
- Other ongoing fees - processors are not required to pass these costs onto merchants but some do; ask if these are charged
  - PCI compliance fee – applies only to credit/debit and should not be charged for EBT-only terminals
  - IRS reporting
  - Other “hidden” fees
- To compare pricing from different companies:
  - The following example applies only to EBT expenses. Commercial (non-SNAP) credit and debit card transactions also include interchange fees, which represent a percentage of the total amount charged by the customer. Those would also have to be factored in to get an accurate value
  - Determine your average monthly transaction numbers (based on past experience or estimates)
  - Multiply that estimate by the transaction fee or tiered fees, e.g. using the earlier example and estimate of 650 transactions per month

100 transactions at 15 cents each	\$15.00
400 transactions at 13 cents each	\$52.00
150 transactions 10 cents each	\$15.00
  - Itemize all monthly charges, e.g.

Equipment lease and maintenance	\$12.00
Processing, customer service, and direct deposit	\$15.00
Monthly statement	\$ 2.00
  - Average out monthly value of all other charges, e.g.

Set-up fee (\$120 for 24-month contract)	\$ 5.00
Annual PCI fee (\$30 per year)	<u>\$ 2.50</u>
  - Add up total monthly cost \$118.50
  - Repeat for each terminal provider and compare

## 5. Company Performance and Reputation

- This is often difficult to judge and requires some research on your part
- Here are a number of websites that can be used – click on the link and enter the company's name in the search box

Online reviews and ratings of terminal providers taking into account sales and marketing tactics, contract terms, customer service, complaints, privacy of online information and other factors

<http://www.merchantmaverick.com/>

<http://www.cardpaymentoptions.com/>

Consumer complaint sites (many such sites exist and can be found by online search – the following include complaints about terminal service providers)

<http://www.complaintsboard.com/>

<http://www.ripoffreport.com/>

<http://www.bbb.org/BBB-Locator/>

## 6. Other Important Information

- Until you decide which company you want to contract with for EBT services, do not provide any of the following information:
  - Your tax identification number (Employer Identification Number or Social Security Number)
  - Your bank account number, including scans or photocopies of one of your checks

The above items will be required for the final contract, but you should only give them to a valid company representative who you recognize. Never provide them to unsolicited callers.

- Once you select a new terminal service provider and they install their new terminal, do not allow them to remove your existing equipment
  - In most cases (unless you purchased the hardware yourself) this terminal belongs to your previous service provider
  - You are still responsible for the return of the equipment to your previous provider as soon as you contract with a new company for EBT services
  - Your contract with the previous provider may include financial penalties for failure to return the equipment
  - They may automatically debit your account for the cost of the terminal if you do not return it to them