MOVING YOUR BUSINESS FORWARD

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Level 1, 2, and 3 credit card processing

The credit card processing system is setup on a three level system. These levels of requirements are made to determine if a certain transaction is a qualified transaction. A qualified transaction will ensure that the business gets the lowest qualified processing rate that they are signed up with.

If the qualification criteria are not met, the transaction downgrades. When a transaction downgrades, an additional processing and/or transaction fee is also assessed on the transaction. Downgrade charges can be costly for some businesses do it is important to know what is required for a transaction to be qualified.

Processing Level Qualification Chart

This chart explains how much information needs to be passed through the processing system for a level 1, 2 or 3 transaction to remain qualified and not downgrade, to acheive the lowest possible processing rate.

Data Type	Level 1	Level 2	Level 3
Merchant Name	X	X	X
Transaction Amount	X	X	X
Data	X	X	X
Tax Amount		X	X
Customer Code (16 Char)		X	X
Merchant Postal Code		X	X
Tax Identification		X	X
Merchant Minority Code		X	X
Merchant State Code		X	X
Item Product Code			X
Item Description			X
Item Quantity			X
Item Unit of Measure			X
Item Extended Amount			X
Item Net / Gross Indicator			X
Item Tax Amount			X
Item Tax Rate			X
Item Tax Identifier			X
Item Discount Indicator			X
Ship from Postal Code			X
Freight Amount			X
Duty Amount			X
Destination Postal Code			X
Destination Country Code			X
Alternate Tax Amount			X

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Level 1 transactions are your standard retail transaction. The card holder is using a personal credit card issued from an American bank.

Level 2 transactions are normally corporate cards issued from an American bank.

Level 3 transactions are government credit cards or corporate cards.

Level 1 and 2 transactions can be run through a standard credit card terminal or PC processing program if setup correctly. Level 3 transactions require special software to transmit the extra information required to qualify the transaction.

Businesses that have many downgrades due to corporate and government card acceptance should look into a level 2 or level 3 processing solution to avoid downgrading.