

# Merchant Card Services Proposal Analysis

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In response to Request for Proposals for Merchant Card Services (RFP #2010-222), the City of Texas City received completed proposals from Veritrans Merchant Services, Chase Paymentech, and Amegy Bank of Texas – TransFirst. A proposal was received from Paymentus Corporation, but the proposal indicated all point-of-sale transactions were to be processed by Chase Paymentech. For this reason, Paymentus Corporation will be withheld from consideration.

All proposing companies meet qualifying criteria, while some offer more sophisticated methods of tracking and reporting payment processing. As a notably larger company, Chase Paymentech offers a wider variety of internet-based customer account management, while both Veritrans and Amegy offer very satisfactory customer account reporting via online access. All companies allow for the reporting of live transaction reporting, a vital service once the City begins accepting credit and debit payments.

Amegy, Chase, and Veritrans all offer both IVR and internet payment capabilities, which is a requirement of the Request for Proposal.

The fee schedules provided by each company vary widely and are therefore hard to compare directly, but the attached fee analysis shows a comparison of all three companies' service charges and per transaction fees, based on the required "Bid Information Sheet." This fee comparison illustrates the following:

- Amegy Bank's quoted prices are greater in nearly every instance than both Veritrans and Chase, and would result in much higher fixed and variable costs.
- Chase Bank offers lower variable processing and interchange/assessment fees for credit card transactions, as well as lower fixed transaction fees per credit card transaction.
- Veritrans offers a lower fixed fee per debit card transaction.
- Chase Bank charges \$10.00 less per return/charge-back for both credit and debit transactions.
- Chase Bank charges \$15.00 per statement for debit and credit transactions, while Veritrans charges only \$10.00 per credit statement.
- Veritrans charges an additional Payment Card Industry annual charge of \$79.00.

With no empirical data in reference to credit or debit payments, it is difficult to determine whether Chase or Veritrans will offer lower total charges due to their differences in variable and fixed transaction fees. However, the analysis suggests that while Veritrans offers a marginally lower variable cost per debit transaction, the lower fixed and variable per credit transaction fees offered by Chase will ultimately result in lower overall charges.

Chase Paymentech offers both highly competitive rates and sophisticated transaction reporting, which facilitates both the ease and speed of use. Chase has also demonstrated its capability for providing municipal credit and debit payment acceptance by serving the City of Houston. It is for these criteria that the City of Texas City Finance Department recommends Chase Paymentech as the City's merchant card services provider.

**Chase**

**Veritrans**

**Paymentech**

**Amegy Bank**

<b>Debit Cards</b>			
<b>Transaction Fee</b>	\$ 0.15	\$ 0.20	\$ 0.18
<b>Debit Network Fee</b>	At cost	\$ -	\$0.95/item
<b>Set up Fee</b>	\$ -	\$ -	\$125/\$175
<b>Return/Charge-back</b>	\$ 15.00	\$ 5.00	\$ 20.00
<b>Monthly Account Fee</b>	\$ -	\$ -	\$ 7.00
<b>Statement Fee</b>	\$ -	\$ 15.00	\$8.95/month- 7.95/semiannual
<b>Credit Cards</b>			
<b>Total Discount Fees</b>	0.12%	0.03925%	+ .30%
<b>Transaction Fee</b>	\$ 0.10	\$ 0.03	\$30/month + \$.30/item
<b>Set up Fee</b>	\$ -	\$ -	\$125/\$175
<b>Return/Charge-back</b>	\$ 15.00	\$ 5.00	\$ 20.00
<b>Monthly Account Fee</b>	\$ -	\$ -	\$ 7.00
<b>Statement Fee</b>	\$ 10.00	\$ 15.00	\$ -
<b>PCI Security</b>	\$ 79.00	\$ -	\$8.95/month- 7.95/semiannual