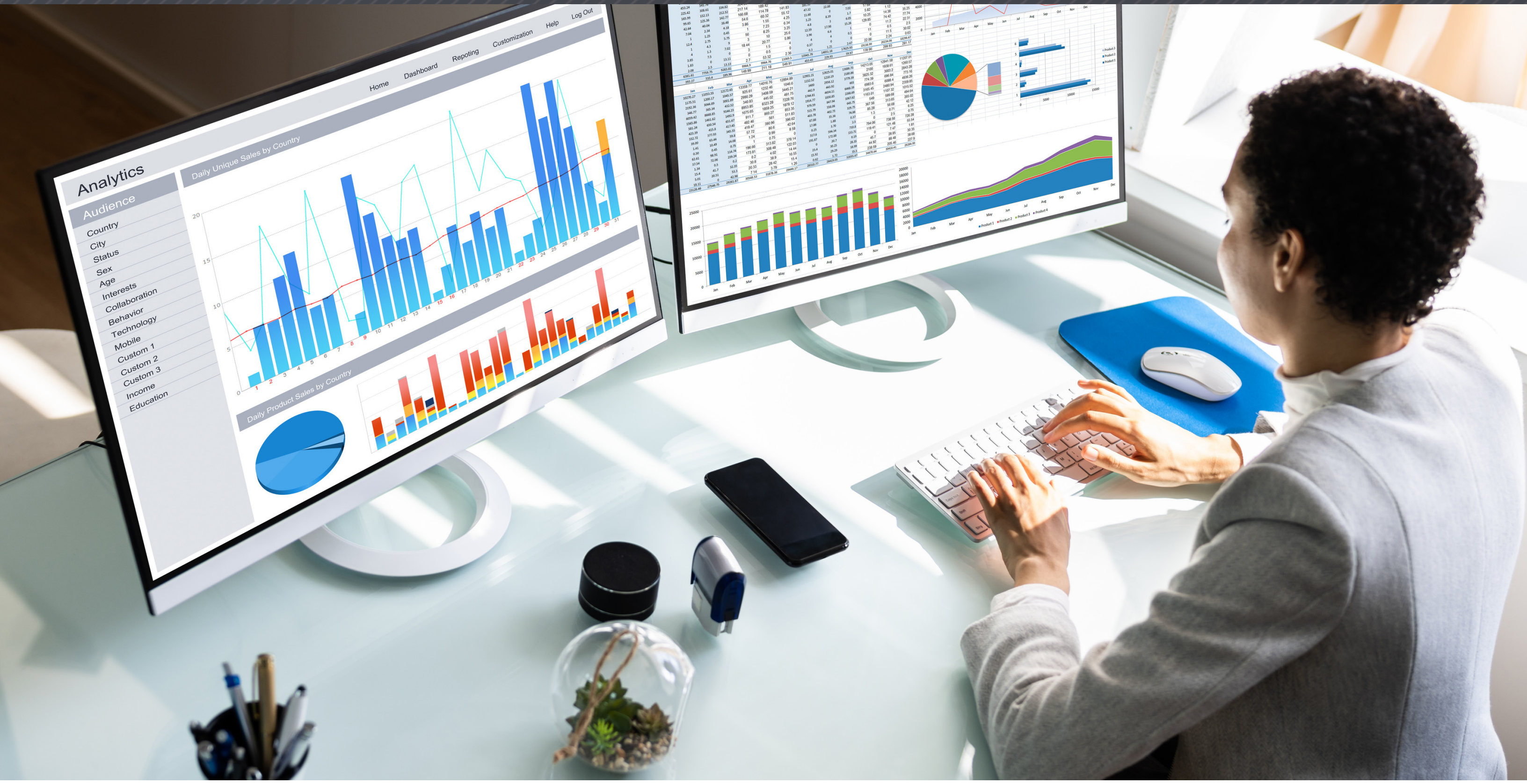
MERCHANT ACCOUNT GUIDE

CEDP Readiness Toolkit

Protect Your Level 2 and 3 Credit Card Processing Rates



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Overview

If your company processes B2B credit card transactions, you are at real risk of increased processing fees due to Visa's Commercial Enhanced Data Program (CEDP) and the evolving standards for achieving Level 2 and Level 3 processing rates.

Level 2 and Level 3 rates are preferred, discounted interchange rates available when you provide enhanced transaction data like tax amounts, PO numbers, and line-item details. This applies when processing Purchase Cards, Business Cards, Corporate Cards, and Government Spending Accounts (GSA).

But submitting the required data correctly is complex. Many businesses unknowingly miss out on these savings or are not submitting valid data consistently.

And it's about to get even more difficult.

Visa's new rules mean higher fees if you're not compliant. Starting April 2025: A .05% CEDP participation fee is being applied to all Level 2 and 3 volume. And as of October 2025, Visa has established an AI-assisted auditing program to monitor transactions more strictly. If your data isn't complete or compliant, your Level 2 and 3 discounts will be clawed back the following month ... but you will still pay the .05% CEDP participation fee.

This potentially creates a double hit to your costs. The discounts disappear, but the fee remains.

To avoid unnecessary costs, you need to take action now.

STEP 1

Determine your dollars at risk:

Ask your team to review your merchant statement.

- Are we achieving Level 2 rates? Are we achieving Level 3 rates?
- If so, what is the existing cost benefit from achieving these rates?

If you are not achieving Level 2 and Level 3 rates currently, you are not at risk ... but you are missing an opportunity to capture those savings.

If you are achieving Level 2 and Level 3, but aren't certain of the current cost benefit (and thus dollars at risk), the table below gives a good ballpark estimate of your exposure. Based on your monthly volume, and the percentage of that volume that is B2B, here is what you might expect to pay in excess processing fees:

MONTHLY TRANSACTION VOLUME	100% B2B	75% B2B	50% B2B	25% B2B
$100k	$450	$338	$225	$113
$500k	$2,250	$1,688	$1,125	$563
$1M	$4,500	$3,375	$2,250	$1,125
$10M	$45,000	$33,750	$22,500	$11,250
$100M	$450,000	$337,500	$225,000	$112,500

STEP 2

Obtain the Verified Merchant Report:

If you are achieving Level 2 and 3 rates, you need to contact your processor and request the Verified Merchant Report from them.

The Verified Merchant Report will indicate whether you are considered compliant with the data requirements. To obtain it, you should simply contact your processor directly using this language:

> *"Please send me the Verified Merchant Report that you received from Visa so that I can confirm whether our account is compliant with CEDP requirements."*

Be prepared: you may have to press the issue. Our experience is that most processors are not familiar with this report. In fact most processors have never heard of it. And if you're working through an Independent Sales Organization (ISO), they will have to go back to their processing bank to get the report. But we know that Visa is providing this to every single processor.

When you receive the report:

- If you are Verified, you are not at risk for CEDP-related increases.
- If you are NOT Verified, the report will list various codes to explain why you are non-compliant, and thus what needs to be fixed. For example: CS-0004 indicates Local Sales Tax is not being marked correctly.

If you have any trouble obtaining the report, or identifying the error codes, Verisave is happy to help.

STEP 3

Assess your transaction data procedures:

If you are currently achieving Level 2 and 3 processing rates, it is because your payments stack is passing the required information, such as tax amounts, PO numbers, and line-item details.

Many businesses are passing this information successfully, but in ways that will not pass Visa's audits. For instance: using a static PO number that is the same for every transaction may have worked in the past, but it will not achieve compliance going forward.

Because of the more stringent audits Visa has adopted, it's important to understand your existing processes regarding Level 2 and Level 3 data.

For some businesses, complete and compliant data will only be possible if entered manually … something that is simply not manageable.

- Are you providing the required data elements for Level 2 and Level 3 transactions today?
- Are your systems capable of submitting complete, valid, and auditable data moving forward?
- Are you relying on manual entry, system shortcuts, or outdated processes?

STEP 4

Build your compliance plan:

Now that you know where you stand with Level 2 and Level 3 rates, the last step is to formulate an action plan:

- Familiarize yourself with the CEDP compliance requirements.
- Review the Verified Merchant Report. If you are non-Verified, understand the areas in which data is not being submitted properly.
- Review your ERP and payment gateway integrations.
- List the necessary steps to upgrade your systems or processes to ensure accurate and automated data submission.
- Begin to implement those upgrades.

In the interest of transparency, it's necessary to note that not all businesses will have a clear, feasible, or cost-effective path to compliance. In which case, you may need to bring in help.

If your current systems can't handle the compliance requirements, or would require significant lift from your team, **we can help you find the right solution**. Sometimes the fix is simple. Sometimes you need more advanced tools. Verisave can guide you either way.

Checklist

- [ ] Confirm that you are currently achieving Level 2 and 3 processing rates
- [ ] If **NOT**, evaluate the cost savings you would achieve with those discounted rates
- [ ] If you **ARE** achieving Level 2 and Level 3, obtain the Verified Merchant Report
- [ ] Confirm that you are a Verified Merchant (if so, you have a clean bill of health)
- [ ] If **NOT**, review the Error Codes provided in the Verified Merchant Report and review your Level 2 and 3 data submission processes.
- [ ] Identify any non-compliant data processes (example: PO number is not compliant with new data standards)
- [ ] Evaluate process changes to achieve compliance
- [ ] Implement those changes or bring in Verisave to do it for you
- [ ] Monitor your rates going forward

Need Help?

Since the announcement of CEDP, Verisave has reviewed hundreds of merchant accounts for compliance and we have found the vast majority of businesses are not aware of the cost risk, are not prepared for the changes to Level 2 and Level 3 processing, and are not pursuing appropriate solutions to protect their discounted rates.

If the same is true for you, we would be happy to provide a no-cost and no-obligation CEDP Risk Analysis. From there, we can discuss whether or not you'd like help from our team to pursue compliance.

Get in touch with our CEDP experts today. Contact:

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