Hidden B2B Interchange Fees Are Quietly Draining EBITDA — Some PE Firms Are Fixing It

Structural inefficiencies in B2B card fees are quietly costing firms millions — with up to 43% in recoverable value impacting EBITDA and valuations.

FORT LAUDERDALE, FL, UNITED STATES, June 24, 2025 /EINPresswire.com/ -- Revolution Payments, a firm specializing in B2B and government payment optimization for over 25 years, works with private equity firms to identify configuration changes that allow commercial card transactions to qualify for lower-cost interchange categories — typically without operational disruption.

In one case, a portfolio company processing just $300,000 per month in commercial card volume reduced fees by 43%, saving $144,000 annually. That one change increased enterprise value by more than $5 million, based on typical industry EBITDA multiples — and that's before reviewing the processor's rate.

Another B2B firm, according to company records, is saving over $150,000 per month in unnecessary interchange fees — more than $1.8 million annually. At 10x–12x multiples, that translates to an estimated $18 to $22 million in added enterprise value. The optimization required no system or workflow changes — only a processor change capable of supporting the configuration.

The Portfolio-Wide Opportunity
Most private equity firms manage multiple B2B-focused companies. Applying this type of optimization across just 5 to 10 companies could result in tens of millions in unrealized value — simply by addressing a cost structure that is rarely reviewed in diligence or day-to-day operations.

Up to 80% of credit card processing fees have nothing to do with the processor's quoted rate. Instead, the bulk comes from interchange — fixed fees determined by Visa and Mastercard based on how transactions are submitted.

Commercial cards qualify at one of four interchange categories. There can be over 1.5% in cost difference depending on how data like invoice numbers, tax amounts, and customer codes are transmitted. If these fields are missing or configured incorrectly, transactions are silently downgraded, adding 50–150 basis points in cost — automatically.

Why It Gets Missed
This often goes undetected because most payment reviews focus only on processor markups — not interchange, where up to 80% of card acceptance fees actually reside. Fees labeled “EIRF” or “Standard” are red flags of improper qualification. But even when those aren’t present, subtle issues like incorrect Merchant Category Codes (MCCs) or missing Level 2/3 data can silently downgrade transactions to more expensive categories.

There are over 1,000 unique interchange categories set by Visa and Mastercard, many of which apply specifically to commercial and government cards. In the B2B space, commercial transactions alone can fall into one of four interchange tiers — with as much as a 1.5% cost swing before a processor’s fee is even added. Still, most businesses assume they’re properly configured when, in reality, critical inefficiencies often go unnoticed — and unaddressed.

Industry-Wide Oversight Gaps
Unlike other financial services, the payments industry is largely unregulated. There are no licensing requirements or certifications to sell merchant services. As a result, even well-meaning advisors may lack the expertise to configure systems for optimal interchange qualification — especially across high-volume B2B or government transactions.

“These are structural inefficiencies hiding in plain sight,” said Sean Jones, President of Revolution Payments. “They’re not solved by switching processors or renegotiating rates — they require precise configuration and expertise.”

A Strategic Lever for Private Equity
Revolution Payments automates the back-end process required to ensure commercial transactions qualify for the most favorable interchange rates. The firm works directly with CFOs, controllers, and PE operating partners to identify inefficiencies and apply changes with minimal internal lift.

For firms looking to improve portfolio profitability, reduce structural cost, and increase exit multiples, interchange optimization presents a quiet but material lever.

Learn More
To request a case summary or confidential review, visit: http://bit.ly/3TsLRfU

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