*Interns Brainstorming: Questions and Answers*

### Table of Contents:

[1.1 who is a merchant and how do banks manage merchant services? How are merchants registered on a bank? and how can personalized services be offered to merchants?](#_vjhjyr4phuvx)

[1.2 What is the difference between a merchant account and a regular bank account?](#_6wiaprj7s8vh)

[1.3 What documents are required to open a merchant account?](#_gp69h45sksm4)

[1.4 Is it the job of the Payment Processing Services(e.g Visa, MasterCard, Stripe) who work alongside the financial institution of the business personel to provide personalized services/recommendations for all possible merchants?](#_y0x8601t7wf4)

[1.5 Does this mean Enza is a Payment Processing Service and also a Merchant account provider?](#_lpejb9w5ote5)

[1.6 Can you give me more information on the mode of operation of Enza and the role it plays in terms of Merchant Management, can you use a practical use case to back up your definition?](#_fbbs2zvgrcmt)

[1.7 What are some example of Merchant Account Providers that Enza works with?](#_2c7b6th7j6qv)

### 1.1 who is a merchant and how do banks manage merchant services? How are merchants registered on a bank? and how can personalized services be offered to merchants?

A merchant is a person or a business that sells goods or services to customers. Banks manage merchant services by providing them with the ability to accept various forms of payment, such as credit cards, debit cards, mobile wallets, and online transactions. Banks also offer other services to merchants, such as fraud prevention, reporting, and customer support.

To register as a merchant on a bank, a business needs to apply for a merchant account, which is a type of bank account that allows the business to process payments. The application process may vary depending on the bank and the type of business, but generally, the business needs to provide information such as:

- Business name, address, and contact details

- Business type, industry, and legal structure

- Business tax identification number (TIN) or employer identification number (EIN)

- Business bank account details

- Estimated monthly sales volume and average transaction size

- Payment methods and channels that the business wants to accept

The bank will then review the application and perform a credit check and a risk assessment to determine the eligibility and the fees for the merchant account.

Personalized services for merchants are services that are tailored to the specific needs and preferences of each merchant, based on the data and insights that the bank collects from the merchant's transactions and interactions. Some examples of personalized services for merchants are:

- Offering custom and unique solutions that match the merchant's business goals and challenges

- Providing a VIP experience for the best customers, such as dedicated account managers, priority support, and exclusive offers

- Using technology to enhance the customer service, such as chatbots, artificial intelligence, and omnichannel support

- Personalizing the communication and marketing messages, such as using the merchant's name, segmenting the audience, and sending relevant and timely information

- Learning about the merchant's lifestyle, activity level, and style, and recommending products that suit them

### 1.2 What is the difference between a merchant account and a regular bank account?

A merchant account and a regular bank account are both types of business accounts that allow you to accept payments from customers, but they have some key differences:

- A merchant account is a special account that enables you to accept credit, debit, and electronic payments. It acts as an intermediary between your business and the card-issuing banks that provide the payment methods to your customers. A merchant account is not accessible by you, but the funds from your transactions are automatically transferred to your regular bank account, usually within 1-2 business days.

- A regular bank account is a standard account that allows you to deposit and withdraw money, as well as pay your bills and expenses. It is where you receive the funds from your merchant account, as well as cash and checks from your customers. You can access your regular bank account online, at an ATM, or at a branch.

To summarize, a merchant account is for processing electronic payments, while a regular bank account is for storing and managing your money. You need both accounts to run your business effectively.

### 1.3 What documents are required to open a merchant account?

The documents required to open a merchant account may vary depending on the provider and the type of business, but generally include the following:

- Business registration documents, such as a business license, tax number, or articles of incorporation

- Personal identification documents, such as a driver's license, passport, or social security number

- Business bank account details, such as the account number and routing number

- Previous processing statements, if you have an existing merchant account, showing the volume and history of your transactions

- Website information, if you have an online business, such as the URL and a description of your products or services

- Financial statements, such as annual reports or tax returns, showing the profitability and stability of your business

You will also need to sign the agreement with the provider and provide any additional information they may request. The process of opening a merchant account can take between 2 to 5 business days on average.

### 1.4 Is it the job of the Payment Processing Services(e.g Visa, MasterCard, Stripe) who work alongside the financial institution of the business personel to provide personalized services/recommendations for all possible merchants?

No, it is not the job of the Payment Processing Services to provide personalized services/recommendations for all possible merchants. Payment Processing Services are companies that facilitate the transfer of funds from the customer's bank or card issuer to the merchant's bank account. **They are responsible for ensuring the security, speed, and reliability of the payment transactions, but they do not offer any specific services or recommendations to the merchants themselves.**

**Personalized services/recommendations for merchants are usually provided by the merchant account providers, which are the banks or financial institutions that offer merchant accounts to businesses.** Merchant account providers may offer different types of services or recommendations to their merchants, depending on their needs, preferences, and goals. For example, some merchant account providers may offer customized solutions, VIP experiences, technology enhancements, personalized communication, and product suggestions to their merchants.

Therefore, the Payment Processing Services and the merchant account providers are two different entities that play different roles in the payment processing industry. **The Payment Processing Services handle the technical aspects of the payment transactions, while the merchant account providers handle the business aspects of the payment relationships.**

For example:

Enza is a payment processing service, they offer their services to the banks/financial institution and help handle payments

Part of Enza Orchestration Services is Merchant Management

Merchant Management: Enza uses video KYC (Know Your Customer) and AML (Anti-Money Laundering) integration to onboard new merchants.

### 1.5 Does this mean Enza is a Payment Processing Service and also a Merchant account provider?

Enza is a Payment Processing Service that provides an API-first platform for banks, fintechs, and MNOs across Africa. Enza’s platform enables its clients to accept various forms of payment, such as cards, mobile wallets, and online transactions. Enza also offers other services, such as tokenization, fraud prevention, and reporting.

However, Enza is not a Merchant account provider, as it does not offer merchant accounts to businesses directly. Instead, Enza works with banks and financial institutions that provide merchant accounts to their customers. Enza’s role is to facilitate the technical integration and communication between the merchant account providers and the payment networks, such as Visa and Mastercard.

Therefore, Enza is a Payment Processing Service that partners with Merchant account providers, but does not provide merchant accounts itself.

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### 1.6 Can you give me more information on the mode of operation of Enza and the role it plays in terms of Merchant Management, can you use a practical use case to back up your definition?

Enza's mode of operation is based on its API-first platform, which allows its clients to integrate with various payment networks, such as Visa and Mastercard, and access different payment methods and channels, such as cards, mobile wallets, and online transactions. Enza's platform also provides other features, such as tokenization, fraud prevention, and reporting, to enhance the security and reliability of the payment transactions.

Enza's role in terms of Merchant Management is to facilitate the technical integration and communication between the merchant account providers and the payment networks. Enza does not provide merchant accounts to businesses directly, but works with banks and financial institutions that do. Enza helps these merchant account providers to offer their customers the ability to accept and make electronic payments, as well as to collect and analyze customer data and behavior, and provide insights and recommendations for personalized services.

A possible use case to illustrate Enza's mode of operation and role in Merchant Management is as follows:

- A fintech company in Nigeria wants to enable its customers to pay for goods and services using their mobile wallets, such as Paga or OPay.

- The fintech company partners with a bank that provides merchant accounts to businesses, and uses Enza's platform to integrate with the payment networks, such as Visa and Mastercard, and access the mobile wallet payment methods and channels.

- Enza's platform also provides tokenization, fraud prevention, and reporting services to the fintech company and the bank, to ensure the security and reliability of the payment transactions.

- Enza's platform also collects and analyzes customer data and behavior from the payment transactions, and provides insights and recommendations to the fintech company and the bank, to help them offer personalized services to their customers, such as customized payment plans, loyalty programs, or discounts.

### 1.7 What are some example of Merchant Account Providers that Enza works with?

Some examples of Merchant Account Providers that Enza works with are:

- \*\*Wema Bank\*\*: Wema Bank is a Nigerian bank that offers merchant accounts to businesses, as well as other banking products and services. Wema Bank partnered with Enza to improve service quality for merchants, strengthen payment security, ensure reliable transactions, and reduce operational costs³.

- \*\*First Bank of Nigeria\*\*: First Bank of Nigeria is another Nigerian bank that provides merchant accounts to businesses, as well as other financial solutions. First Bank of Nigeria also collaborated with Enza to enable its customers to accept and make payments using various methods and channels, such as cards, mobile wallets, and QR codes.

- \*\*Access Bank\*\*: Access Bank is a leading African bank that offers merchant accounts to businesses across the continent, as well as other innovative and inclusive banking services. Access Bank integrated with Enza to enhance its payment processing capabilities, and to offer its customers more payment options and features, such as tokenization, fraud prevention, and reporting.