10 Questions to Ask Before Choosing a Payment Gateway Provider
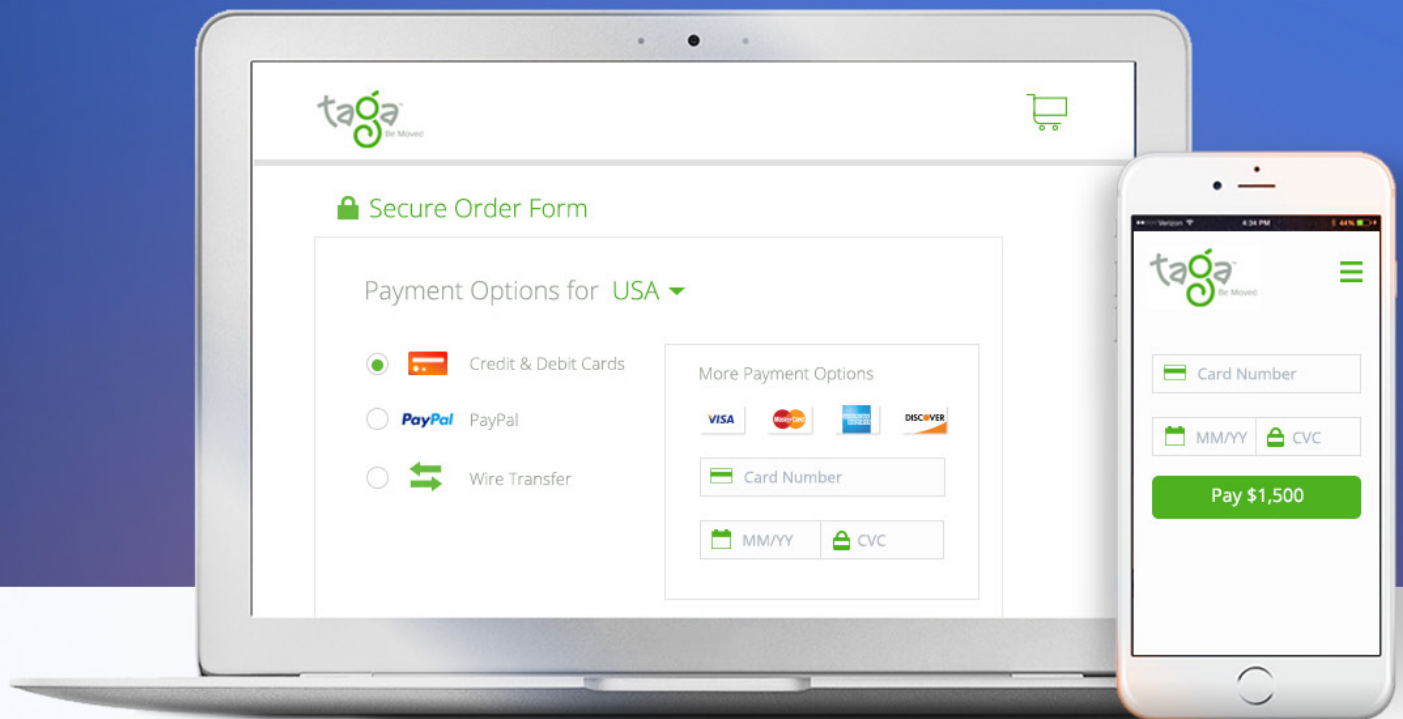

BlueSnap®

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If you're an eCommerce merchant looking for a new payment gateway provider, you know how complicated the search process can be. With a multitude of different providers and options available, choosing the best solution for your business can be extremely time consuming. Depending upon your level of knowledge and experience with technology and payment gateways, the task of picking the right provider can be a daunting one.

But finding the best payment gateway for your eCommerce business is essential to your company's success.

After all, if sales are your goal, you want to ensure that you are offering a seamless global payment process for every shopper, no matter their location, language, currency, or payment method.

To make the payment gateway provider search easier for eCommerce merchants like you, we have provided a list of the 10 most important questions to ask and what to look for when comparing payment gateway providers.

1 / How Long Will It Take to Get My Payment Gateway Integrated and Up and Running with a Payment Processor?

Are you trying to align your product development lifecycle with the launch of your payment gateway?

Perhaps you are still mapping out the project plan and want to understand how the payment gateway integration will affect other parts of the site.

Having time to test the purchase funnel and understand possible scenarios and complexities is key when determining how long it will take to implement and launch a new payment gateway.

Typically, the amount of time it takes to launch a new payment gateway or switch providers varies from payment provider to payment provider and depends largely on your company's resources, expertise and skill set.

For example, if your developers are familiar with API integration and already have a checkout page designed, integrating with a payment provider could be complete by the end of a business day.

Often times deploying a hosted checkout solution will be the simplest option for your business. Some gateway providers even have ready to go checkout pages that can be deployed in an afternoon. If your site requires a customized checkout page, the process could take a week to two weeks to complete.
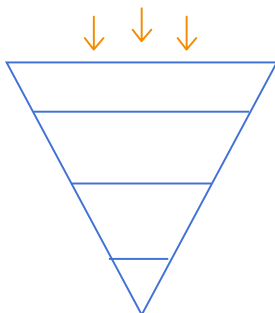
Having time to test the purchase funnel and understand possible scenarios and complexities are key

2 / How Do I Want to Integrate?

Depending on your requirements and level of technical expertise you will likely choose between three options when it comes to integration:

| API | Hosted Checkout | Hybrid approach |

For merchants who want to fully control the user experience and have the ability to code, an API is the best choice. In API scenarios a payment gateway provider would operate behind the scenes, managing banks, protecting against fraud, etc. while the merchant fully controls the checkout process.

If you are a merchant who does not have the capability or desire to code everything yourself or create your own checkout pages (which can be quite onerous if you are coding pages in multiple languages), some payment providers offer fully hosted checkout and payment pages. This can be a great option, especially for smaller startups that may not have a full in-house development team.

Hosted checkout pages can be a great option for companies with limited resources, however, it's important to find out what services are included with these pages. While a handful of providers offer hosted pages, very few offer global functionality on those pages — think currency, language translation, and the local payment types global shoppers want. And as previously discussed, being able to offer a global experience for all customers is crucial to a growing business in today's international market.

It is also important to note that while some providers offer hosted checkout pages, not all do. This is especially true of the larger banks who typically aren't as technically savvy and only offer API integration. When working with one of these large banks, not only are you forced into an API integration, you must also be SAQ-D PCI compliant, which can be extremely costly. If you're wondering what PCI compliance is, keep reading, we'll answer all your questions in the Security and Fraud section.

Additional Questions for Startups

How Will I Architect My Purchase Flow?

Purchase flow is important, so don't skimp when it comes to strategizing the best approach. Consider what makes the most sense for your business and your customers. A solid payment provider should be able to offer guidance and support through this process as you decide how to architect your purchase flow. They should also be able to support a variety of methods — such as one-click purchase for return shoppers, login required for purchase or in-app purchasing — and remind you of considerations that should be taken into account with each one.

How Will You Track My Sales?

Ask the payment gateway provider what level of reporting they provide and if they offer real-time notifications. Tracking data such as subscriptions, sales transactions, revenue, conversion rates, recurring charges and payment declines, just to name a few, is critical to eCommerce businesses looking to grow sales and increase revenue.

Does the payment provider offer a self-service portal where you can view all the reports on your own? Do they offer recurring business reviews with an account manager to go over the analytics and determine how you can improve your business? Be sure to compare providers and choose one that has in-depth reporting and analytics capabilities. Look for a provider who can offer streamlined reconciliation reports so you can receive all of your bank and purchasing data in one easy to access place.

# 3 / Can I Offer a Localized Shopping Experience?

eCommerce no longer operates in an insular US market.

Today, merchants need to be able to interact with international customers and transact on a global scale — which means creating a customized user experience for each region or country.

This entails presenting information in the local languages, currencies and payment types, as well as ensuring that cross-border and international transactions will not face decline issues.

Target, for example, recently announced that it would be creating a whole new website specifically for its cross-border eCommerce customers. Target realized it was missing out on an immense cross-border opportunity (millions of customers), simply because its website was not accommodating to a global audience. In fact, today, cross-border eCommerce is worth $300 billion, and is predicted to triple in the next two years.

In order to capitalize on this opportunity and support shoppers around the world, it is crucial to present checkout information that is tailored to specific regions. Displaying information in the native language, currency and payment type is a vital factor in extending your international reach and reducing checkout and payment processing "friction," which has a direct effect on conversion and abandonment rates. If a customer can't read your webpage, they aren't sticking around.
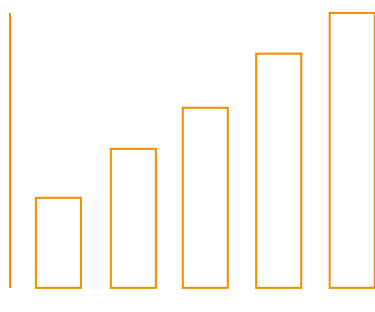
In fact, today, cross-border eCommerce is worth $300 billion, and is predicted to triple in the next two years.

Customers want to know what they are being charged — they don't want to have to translate, convert, or analyze what is happening during the purchase process. In fact, they won't.

Customers who face frustration during checkout will simply go elsewhere with their business. The moral of the story?

Find a payment provider who is able to offer a seamless and localized shopping experience for each region or country you hope to reach.

Finally, be sure to ask how your payment provider handles currency conversion. For example, if you have a US bank account in USD but want to sell in France, your provider should be able to display the price to a French customer in EUR. This is almost always done using live interbank rates. In order to cover the cost of converting one currency to another, the payment provider will typically charge a mark-up cost (for example 1.5%) which is included in the price of the item — meaning that your shopper will pay the 1.5% mark-up, to cover the cost of the conversion.

As an alternative option, some payment gateways enable like for like deposits to help avoid the cost of foreign exchange fees. In the example above, you could both display and collect in EUR from your French customers and simply receive a deposit from the week's sales in EUR. This helps to avoid potentially costly FX fees while allowing your shopper to pay in their currency of choice.

DID YOU KNOW?

67%
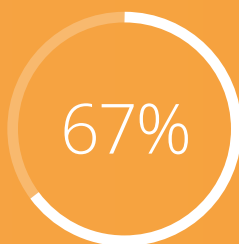
Abandonment rates are as high as 67% for merchants who don't offer a localized experience.

4 / What Recurring Business Models Do You Support?

Many payment providers only support certain business models or buy separate platforms to work in conjunction with an existing platform.

However, there are providers that are able to seamlessly support any and every business model imaginable. Look for a payment provider who doesn't have restrictions when it comes to business model support. For example, the best payment providers will be able to support free trial offers of any frequency or scale and offer monthly, quarterly and annual plans. As a merchant, you may want to offer these free trials to new customers because free trials help get potential customers in the door — opening up a tremendous selling opportunity.

Similarly, supporting subscription billing options is important. Because customers have their own budgets and agendas to adhere to, they may prefer to pay quarterly, monthly or annually.

Providing subscription billing options will not only satisfy your customer but could increase your conversions.

↗ 67%

A recent study conducted by BlueSnap and PYMNTS.com revealed that transaction values above $250 only have a 67% conversion rate.

taga
Be Moved

Card Number

MM/YY   CVC

Pay $250
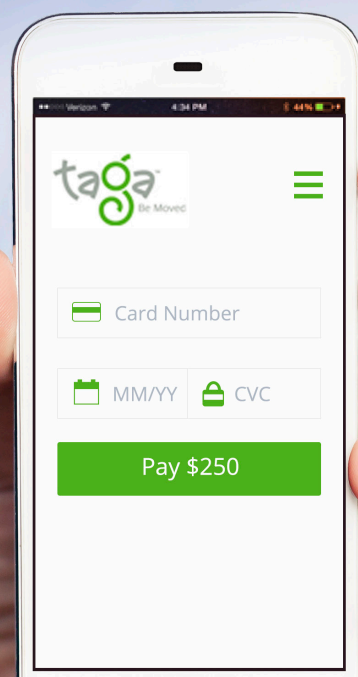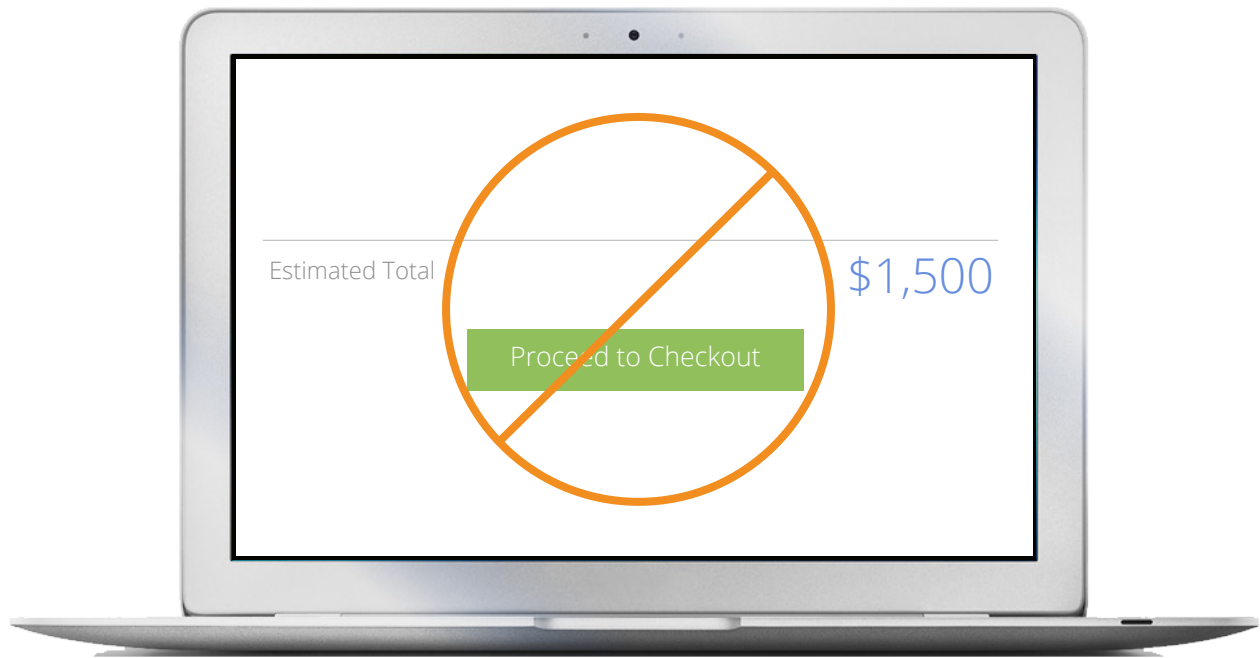
Large ticket transactions are much more likely to be declined than smaller ones.

For example, breaking up a yearly contract of $2,000 into four payments of $500 could decrease the chances that the transaction gets declined.

For higher conversions, it's best to offer subscription billing options, so customers can pay on their own terms.

Additionally, reporting revenue on a monthly and/or quarterly basis is always a perk for investors and increases the legitimacy of your company.

If your sales are not what you want them to be, don't simply look to the sales and marketing teams to increase traffic to your site. In many cases, the traffic and desire to convert exist, but your payment gateway is causing high rates of checkout friction and getting in the way of successful transactions.

Whatever you need in terms of business model support, a good payment provider should be able to offer it — and it should all be built into their payment platform from the get-go.

5 / Are Your Solutions Optimized for Mobile?

If a payment provider doesn't offer solutions that are optimized for mobile, it is a sure sign that they are not keeping up with the emerging trends of eCommerce, and likely will not provide the most robust payment solution.

Look for a payment gateway provider that is optimized for mobile and offers a simple, sleek and intuitive payment app. If you are using hosted pages, verify that your payment processor will provide templates for mobile optimized payment pages and that they are also able to optimize for mobile wallets such as:

VISA Checkout	支付宝	**P** PayPal
Pay	AMERICAN EXPRESS EXPRESS **CHECKOUT**	MasterPass

It is important to ensure that customers who have signed up for a mobile wallet are able to make their purchase with a single click. Offering a streamlined mobile experience is crucial to increasing customer satisfaction and providing a positive customer experience.

If your site is not optimized for mobile and mobile wallets, you run the risk of alienating a potential customer who may become frustrated with the mobile experience on your site and go elsewhere to complete a purchase.

6 / What Sort of Anti-Fraud Protection Do I Get?

Cyber crime is on the rise and large and small corporations are getting hit with cyber attacks every day.

Therefore, it is crucial that you find a provider who will offer the highest level of security and fraud protection available.

You need to feel confident that your information and perhaps more importantly your customers' information is protected from the start. This is another area where flexibility is important, especially for certain industries.

Your fraud engine should work for you, not against you. Make sure you integrate with a payment gateway that gives you the tools to optimize the fraud strategy that is best for your business.

For example, if you are in the gaming industry where customers may be making numerous token purchases at a rapid rate, most default anti-fraud rules will flag these transactions as fraud.

You need to ensure you are working with a payment processor that can adjust to your industry and business requirements while still providing top-notch protection. One way BlueSnap is able to offer industry leading anti-fraud protection is through our partnership with Kount — a world leader in fraud detection that works with businesses across almost every industry. The added layer of protection that Kount offers BlueSnap is invaluable.

Not only is Kount monitoring BlueSnap's merchants, it also monitors millions of other merchant transactions every day to spot fraudulent trends and schemes on a broader scale. BlueSnap is then able to leverage this insight and expertise to better protect merchants.

> Your fraud engine should work for you, not against you.

7 / What PCI Compliance Documentation Do I Need?

The Payment Card Industry Data Security Standard (PCI DSS) was established in 2006 by the major card companies (Visa, MasterCard, American Express, Discover Financial Services, JCB International).

All businesses that process, store or transmit payment card data are required to comply with PCI DSS rules. The goal of PCI compliance is simply to protect commerce.

As you reach compliance with the standard you will be armed with a secure foundation to avoid a devastating attack that could result in:

✓ Costs associated with loss of business forensic investigations

✓ Credit monitoring

✓ Post breach audit

✓ Security updates.

PCI compliance requirements needed for your company largely depend on the volume of sensitive customer payment information you have on your website and your level of integration.

> The goal of PCI compliance is simply to protect commerce.

The process of PCI compliance becomes even more complicated when processing phone orders.

Choosing the right payment provider not only increases conversions, it significantly reduces your security headache!

Integration Level	PCI Level API Integration	Client Side Encrypted API	Hosted Checkout
PCI Level	PCI Compliant	PCI Aware	PCI Aware
The Breakdown	As you will be handling unencrypted shopper credit cards numbers, you are responsible for securing shopper data. This requires the maximum amount of merchant investment.	In this case you will use the API but will not be vaulting the customer payment data. This requires a medium amount of merchant investment.	In this scenario, you will not ever have access to card numbers. The payment provider hosts the checkout page, and will absorb the bulk of the PCI investment.

To learn more visit the PCI Security Standards Council website at pcisecuritystandards.org.

8 / How Do I Get Paid and How Frequently?

In the world of transactional deposits, cash flow is one of the most important factors in a business' ability to operate and grow.

Cash flow is extremely important to startups as they are building their businesses and assets. Ensuring that cash flows quickly and to the right accounts is vital to a new operation still finding its legs. For larger companies the concerns revolve around efficiency. The back office needs easy access to transaction details such as which transactions occurred, gross total and the total net deposits.

With this in mind, you should look for a provider that is able to provide flexibility in payments. A truly flexible payment gateway provider should be able to make payments to your account or various accounts no matter the location.

Because many merchants hold off-shore accounts for tax purposes, it is important that your payment provider is able to work with various accounts to ensure that account location will not negatively affect cash flow. Providers that offer this flexibility can greatly enhance operational efficiencies for merchants.
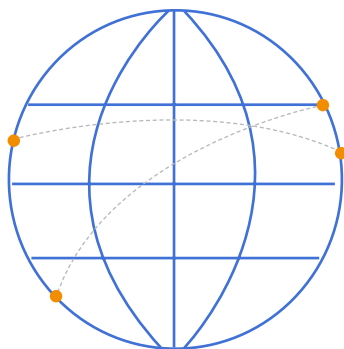
> A truly flexible payment gateway provider should be able to make payments to your account or various accounts no matter the location.

When developing a payout cycle, it is important to balance the complexities of reporting and reconciliation.

While receiving next day payouts at first blush sounds like a great option, depending upon the complexity of your business, it can cause headaches ranging from reconciliation challenges all the way through to a lack of cash flow to manage returns and chargebacks.

Payout flexibility is just as important as location flexibility. Whether you require bi-weekly, monthly, quarterly or annual payouts, your payment provider should work diligently to meet these needs.

Pro Tip For Startups

For startups, many payment providers may not be able to offer the same level of flexibility they would be able to offer to a more established company.

Since startups have no proven track record or set of sales/credit card transactions to base confidence off of, payment providers assume more risk when working with a startup.

Therefore, if you are a merchant in the early stages of your business, you should expect a more rigid payment schedule that will be closely evaluated by your provider. Once your payment provider has a strong sense of how your business runs and the frequency and value of transactions, they will be more likely to offer additional payment flexibility and options.

So although as a startup you may be locked into a rigid payment process at the onset, it is important to understand the full capabilities and potential options that your provider offers.

Once your business has proven itself, your options will open up — but only if you choose a payment provider that offers flexibility to its customers.

9 / How Much Do You Charge?

In the payment gateway space, pricing is extremely competitive and fairly uniform across the industry at 2.9% + 30 cents per transaction (for US merchants).

Most providers have a tiered, shared revenue pricing structure, which means the provider's success is directly tied to your business' success. If you have a tough quarter, the provider will feel the hit. This per transaction pricing model is a win-win that ensures the payment provider will be actively invested in the success and growth of your company.

While the 2.9% +.30 cents pricing arrangement is fairly common, not every business will follow it. Ask your provider to examine your transaction history and evaluate any variance in cost based on volume and transaction types, shopper location, and the mix of credit and debit card payments.

Although per transaction pricing is rather standard and there is not much room for base price bargaining or comparison shopping, there is one area of pricing that can fluctuate from provider to provider – we're talking about fees. Some providers charge an initial set-up fee and some providers, such as PayPal, charge a monthly maintenance fee.

If you are evaluating some of the larger bank providers and processors, fees can get very complicated — for example:

- ✓ Interchange fees (credit card processing fees)
- ✓ Qualified vs. Non-Qualified fees (charged when a transaction does not meet network requirements)
- ✓ Gateway fees (access to credit card financial data processing networks)

- ✓ Subscription Engine fees
- ✓ Fraud Protection fees
- ✓ Software fees
- ✓ Maintenance fees

When you work with one of these larger banks or providers you will typically be charged a plethora of fees that are all broken down into one or more of the categories just discussed.

While some merchants appreciate this breakdown, others feel it is overly complicated and a way for banks and processors to nickel and dime their merchants. The issue with abundant fees and complicated pricing structures is that hidden fees become more common and more difficult to identify. Look for a payment provider that has a simple and transparent pricing model.

There are providers that have turned away from the traditional fee structure and simplified the process for merchants by charging one holistic, all-encompassing price.

This means the providers are taking on more risk, which they are willing to do in order to provide a better experience for their merchants.
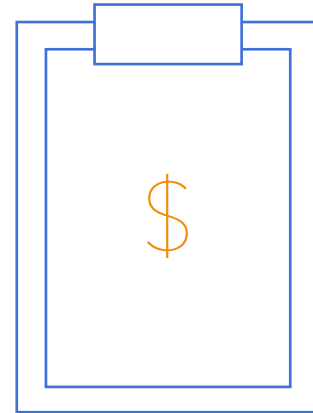
Look for a payment provider that has a simple and transparent pricing model.

Pro Tip For Startups

For startups, this simplified approach is essential. And because startups have limited leverage to negotiate rates, pricing uniformity across the industry tends to work in their favor.

10 / Does My Merchant Bank Account Need to Be in the US? Do You Pay in Currencies Beyond US Dollars?

In today's global economy it is more important than ever for eCommerce merchants to accept transactions in multiple currencies and banks outside of the US.

Even if you're not selling globally in your first few months or years, it's important to choose a provider that offers complete global support.

When the time comes to expand your business and reach international markets, you don't want your growth to be stunted by a provider that does not have the capacity to support global transactions.

If you are taking payments from shoppers in USD, CAD and EUR do you want to be paid in these same currencies? The currency you select to be paid in is called the settlement currency. If you are an international business with international operations needing operating funds, make sure your processor can settle in different currencies. Otherwise you are probably incurring foreign exchange (FX) fees from the processor to convert the funds back to a single settlement currency.

Pro Tip For Startups

Beware of payment processors that are only connected to one bank. Routing transactions to the right bank is crucial for maximizing payment conversion rates. In fact, having both failover and local processing can increase your payment conversions up to 20%.

Bonus

What is Your Strategy for Increasing My Current Conversion Rate?

There are many reasons why a payment can be declined or why a shopper may abandon his or her cart.

The key is to dig into why these payments are not converting and why customers are abandoning purchases.

Currently, only about 10% of merchants are tracking their conversions. Without knowing where you are successful, how are you going to know where you need to ramp up your efforts? Merchants that do not have access to site analytics lose up to 40% of conversions.
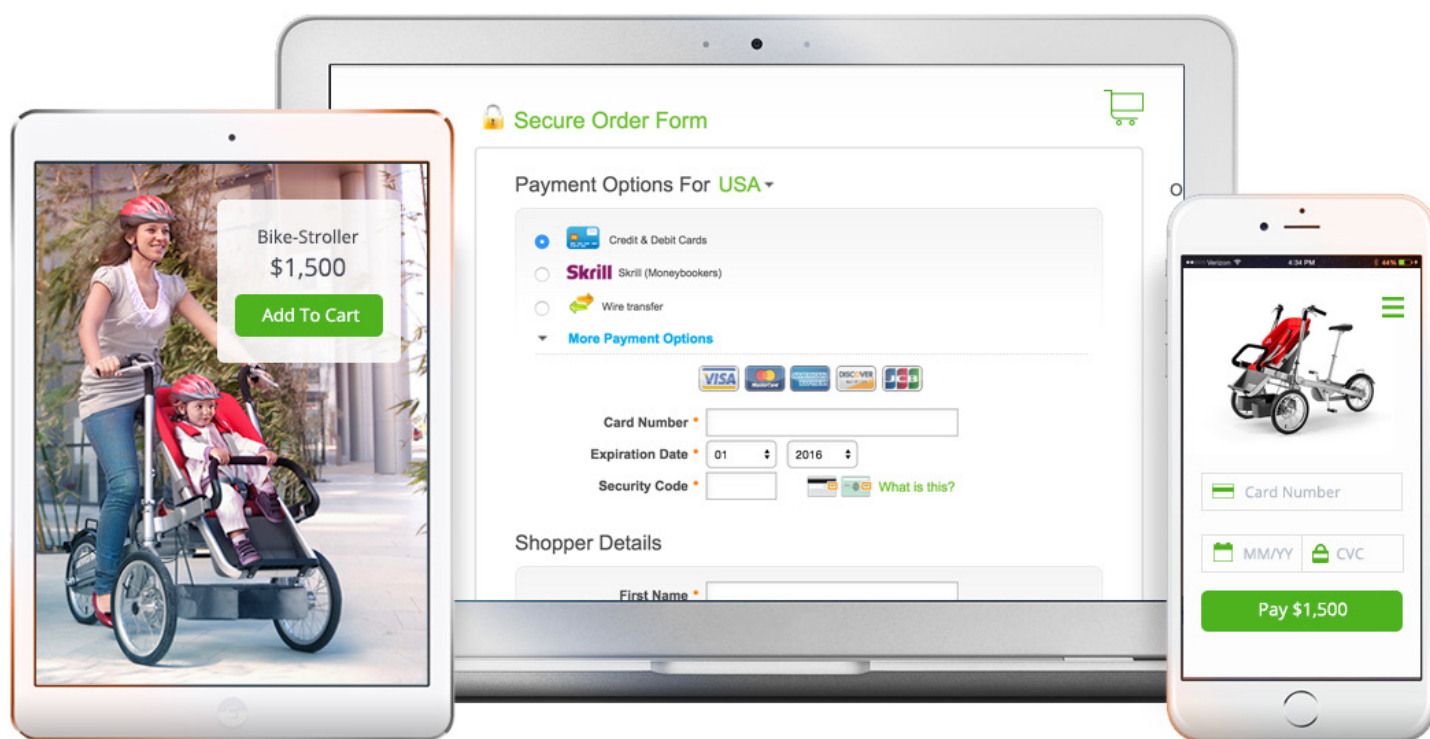

40%

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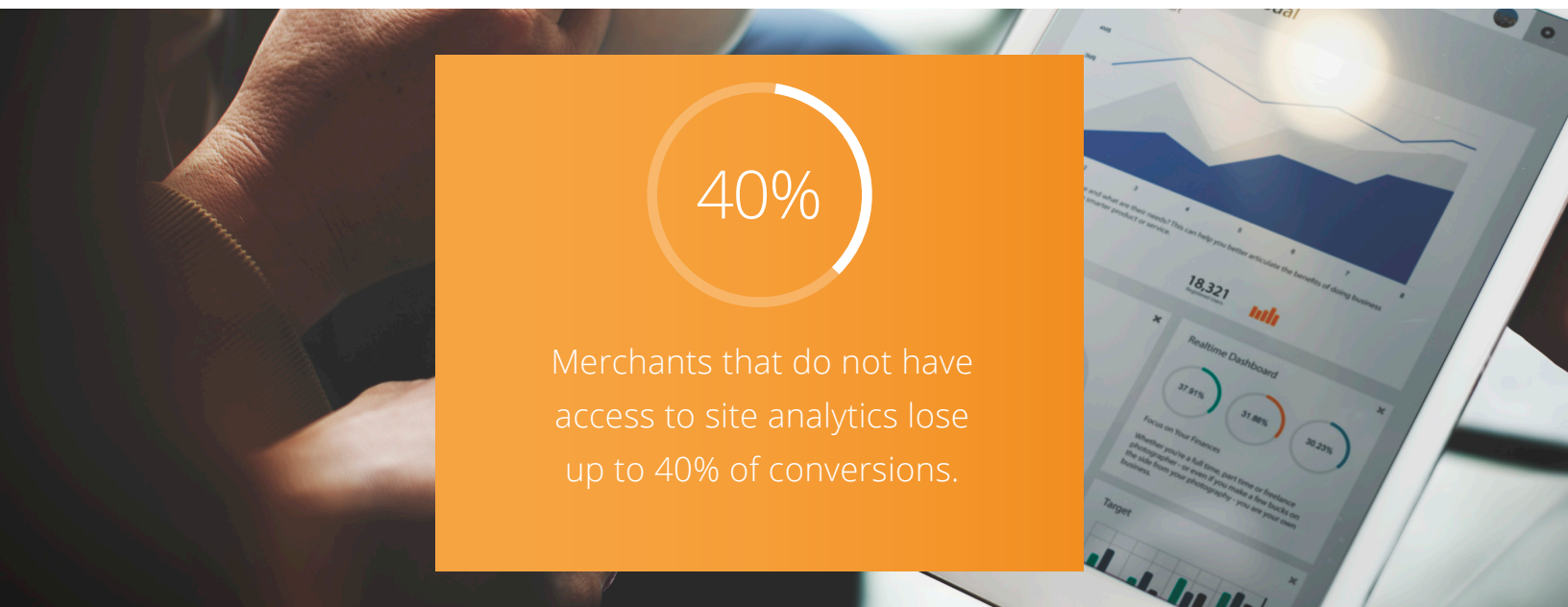
The best payment processors should be able to give you your processing success rate and provide you with strategies for increasing it.

BlueSnap is a Global Payments Gateway Provider That Looks at eCommerce a Little Bit Differently.

We believe every customer has the right to a seamless online experience and the ability to purchase easily, quickly and securely. And because merchants spend countless hours bringing their products to market, they deserve the technology, tools and support to create an exceptional customer experience.

Contact us to learn how we can elevate your eCommerce business.

Get Started Today