

Title:

Best Ways to Choose a Credit Card Processing Company

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Summary:

One of the most critical decisions for launching an online business is deciding on which credit card processor to use and how you will choose to process your customer's payments. There are two primary methods to choose from: You can use a true merchant account and do it yourself or you can use what is known as a third-party processor. The credit card processor method you select can possibly effect the execution of your entire Website.

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Article Body:

Best Ways to Choose a Credit Card Processing Company

One of the most critical decisions for launching an online business is deciding on which credit card processor to use and how you will choose to process your customer's payments. There are two primary methods to choose from: You can use a true merchant account and do it yourself or you can use what is known as a third-party processor. The credit card processor method you select can possibly effect the execution of your entire Website.

Probably the best way to choose a credit card processor is by simply listing your needs and then comparing the various available plans. Will cost be the most important element and what other factors will be involved? Try comparing both a true merchant account to third-party credit card processors side by side.

How is a true merchant account different from a third party credit card processor?

True Merchant Credit Card Processors

With a true merchant account, you are the merchant and you have the option of applying directly through a bank. However, this is often done through a sales agent. The account will be dedicated to your business only. You, as the merchant will have total control over the account and be totally responsible for

it in everyway. You will have to provide a gateway for the account because this will not be included in the account.

Note: Some companies that offer credit card processor plans will extend a bundle that includes a gateway as an enticement. You are free to choose any gateway you prefer since they are totally separate entities.

Basically, your merchant account for a credit card processor is a direct account with MasterCard, Discover Card and American Express. If you resolve to accept payments from their members, you must abide strictly by their rules.

Third-Party Credit Card Processors

A third-party credit card processor company has it's own merchant account and they allow individuals and businesses to accept credit card payments through them. A third-party credit card processing company has all of the power since they make the rules, which you must adhere to since they are allowing you to share their merchant account.

When should you consider using a third-party credit card processing company?

- If your business isn't registered
 - If you have been blacklisted
 - If you or your mechanize is considered high risk
 - If you have poor credit or no credit
 - If you only process a small amount of transactions
- If you are a non-programmer and can't carry out a complex API.

Additional considerations concerning third-party credit card processing

1. They will not charge higher rates for high risk businesses
2. They don't perform credit checks
3. They can't be used with a separate gateway
4. Their name appears on your customer's credit card statements
5. It can take up to a month to receive deposited funds.
6. You can't negotiate rates for third-party credit card processing.

Most reputable online merchants understand they will be accepting credit cards online and that they will need a merchant account and a payment gateway. There are good reasons for assuming this:

- If there are large volumes of transactions to be processed, the discount rate will be far superior with a true merchant account than with a third-party credit processing company.
- The merchant will have 100% control over the account. The merchant can deal directly with customers and it's the merchant's name that appears on the customer's credit card statement.

-Transparent checkout feature - Allows the customer transaction to be processed directly on the Merchant's Website, rather than being redirected to a third party site.

-Portrays a more professional image - A true merchant account is a more seamless process which is expected from customers.

When you apply for a true merchant account, you will have to go through a full credit check and you may not use the account in anyway for your own personal use. The rates are always negotiable but high-risk products will garner much higher rates. You may use a separate gateway of your choice for credit card processing and your business name will always appear on the customer's statement. Funds will be deposited within 1-3 days and you may be locked into a contract for several years.

Most online businesses that are just starting out have small margins and tight budgets. Cost will be the single most important factor in choosing a credit card processing company for most of them. The needs of each business will vary, as will the offers they receive for credit card processing. In making a comparison, it's almost like comparing oranges and oranges and can be quite difficult. One way to approach the comparison process is to collect the data on fees associated with both third party and a true merchant account first.

-Setup fee: how much you need to pay to establish the account

-Discount rate: the percentage of sales that the processor takes

-Transaction fee: the flat fee the processor charges for each transaction

-Monthly fee: the monthly fee associated with keeping the account active

-Setup fee: the cost to set up a gateway

-Gateway monthly fee: the monthly fee charged by the gateway provider for use of their payment gateway services

Next, list the number of transactions you will make each month and how much the average customer will spend on your Website. There is a multitude of third-party processors and true merchant providers for credit card processing that may be compared. For example, Papal and Verisign are two well known companies, but are completely different.

Conclusion

You may ultimately use both of these methods to use credit card processing online but the way in which they are implemented are very different. Each has it's own particular advantages. Since every business is different, you must consider all of the factors involved with accepting credit cards online, not just the costs. Sometimes, paying a few additional costs in fees can enhance your customers experience and the overall appearance of your Website. Take

ample time to explore all of your options in order to find the best cost-effective credit card processing company that fills the needs of your online business.