Making Sense of Credit Card Processing
June 3, 2010
Agenda

• What a merchant account is and how it works
• Getting approved for a merchant account
• The basic details of fee schedules
• Key questions to ask merchant account providers
• Merchant accounts vs. Google Checkout and PayPal
• Protecting your business from fraud
Merchant Account

A type of account that allows businesses to accept payments by debit or credit cards.
Payment Gateway

A payment gateway is a service for online retailers that authorizes payments.

Gateways are only relevant for ecommerce/online transactions
How it Works: The Payment Cycle

The credit card interchange passes the transaction information to the bank card provider.

The payment gateway encrypts this data and transmits it to Volusion Merchant Services.

Volusion Merchant Services then sends this information to the appropriate credit card processing interchange.

The bank card provider approves or declines the transaction. The response then is routed back through the same channels.

Order is placed on your Volusion ecommerce store.
What you’ll need to get approved

- Complete Application
- Voided Check
- Tax Id Number
- 501c3 paperwork (if you are non profit)
- Return Policy on website

- Website which shows the products that you are going to be selling
- Contact Info section on website
- Business Financials (or personal financials) – only needed in some cases
Fee Schedule

A fee schedule is a list that outlines the fees you should expect to pay on a monthly or transactional basis.
Fee Schedule

Some of the most common items included in a fee schedule are:

- Discount Rate
- Authorization
- Gateway Transaction
- Gateway Access
- Monthly statement
- Application
- Set up
Monthly Statement Example

Assume a merchant had 20 orders throughout the month. All 20 orders were for $100. How much would their merchant account cost for the month? *Based on industry standards.*

Total amount processed **$2000**

Number of Transactions: **20**

- Discount rate = $59.00
  \[($2000 \times 2.95\%)\]
- Authorization = $7.00
  \[(20 \times $0.35)\]
- Gateway transaction = $2.00
  \[(20 \times $0.10)\]

- Monthly statement = $15.00
- Gateway access = $25.00
- Application = $50
- Set up = $100
Monthly Statement Example

Industry Standard Total Monthly Cost:

$108.00  Monthly Payment

+ 50  Application

+ 100  Setup

$258.00

Volusion Credit Card Processing:

$78.19
Important Questions

• What is the discount rate that you charge per transaction for processing credit cards?

• Are there higher rates to process different types of credit cards?

• How much is the monthly fee?

• Which gateways does your merchant account work with?
Important Questions

• Since most merchant account providers use 3rd party gateways, how do I set up the payment gateway?

• Are there any cancellation fees? Is there a contract?

• Are there any application or setup fees?

• Do I have to have a cash reserve set up?
Merchant Accounts vs. Google Checkout & PayPal

- PayPal **NOT** FDIC Insured
- Inconsistent customer experience
- Cart Abandonment
Protecting your Business from Fraud

- SSL Certificate
- PCI Certification
- Order processing best practices
Order Processing Best Practices

- Examine your AVS responses
- Be wary of unusually-high transaction totals.
- Watch for multiple failed order attempts
- Be wary of an email address that contains random characters
- Be wary of orders placed with email addresses that include a different name than the cardholder

*Use your instincts, if you get a bad feeling about an order, you can always call the customer*
Fraud Score™

- Fraud Score is a service that helps merchants gauge the amount of risk associated with an order prior to processing it.
- Scans and verifies over 15 data.
- Checks over 100 million previous events to see if the order came from a legitimate card holder.
- Delivers a score directly to your admin panel.
- Breaks score down into three categories – Minimal, Moderate, High.
Thank you!

To learn more about Volusion’s Credit Card Processing services visit:

http://www.volusion.com/merchant-account/credit-card-processing/

Happy Selling!