An Introduction To Accepting Credit Cards On The Internet

By Richard Adams

An Introduction To Accepting Credit Cards On The Internet by Richard Adams

If you have a website and you don't accept credit cards then you're losing massive amounts of business.

Even if you do accept credit cards it may be worth considering an alternative that will either offer you better rates or save you time.

Infact, if you're within the United States of America or Canada, there are a large range of options open to you.

Unfortunately if you're like me, and are located outside these jurisdictions life becomes a little more complicated − though by no means impossible.

Whatever your circumstances the aim of this article is to give you a quick start in accepting credit cards on the Internet.

Once you understand the basic concepts then hopefully the other articles on this site will help you decide exactly what's right for you.

To enable you to accept credit cards online, there are three methods you can use.

They are:

*Gain your own merchant account from your bank
*Use a broker or intermediary to gain your own merchant account
*Use a third party service

Let's look at these three options in more detail.

The most direct route to gain a merchant account is through your local bank. Many banks will automatically send you details of their own particular service when you open a business account.

The problem with many banks is that as large, powerful institutions many are loathe to accept small businesses and startups.

For example, 12 months or more of audited accounts may be required, business plans or evidence of considerable investment capital.

Add to this the fact that many banks are still developing their e−commerce services. You see, banks offer different types of merchant accounts depending on the situation.

For example, those accounts for retail are usually considerably easier to gain than an Internet account.

This is primarily because the retail "swipe card machine" (or PDQ) involves physically swiping the card then checking the signature.

On the Internet of course, the number is just typed in and you can't check the signature so there's a far greater risk of fraud.

Having said that, banks are slowly starting to introduce services to help internet companies, but in today's business climate I feel certain you'd be better putting your time, energy and cash into gaining a merchant account through the second route − using an intermediary.

Intermediate companies do exactly what it sounds − they form a defence between the bank and yourself. Whilst this may at first sound like a disadvantage because there's another body to get authorised by, the matter is quite the reverse.

Intermediary companies understand the banks and what they look for in a new client. They can "pitch" your application right and many boast enviable acceptance rates, even for non−US merchants.

The greatest tip I can give you when applying through these companies is this − minimise risk. Of applicants that do get refused many of them are refused on the grounds of high risk. That's what these companies look for. So wherever possible, find ways to make your business appear a "safe bet" and you'll greatly increase your chances.

I don't mean lie − far from it − you'll end up in far more trouble than it's worth but...

Aim to start small, selling low priced items. Aiming to sell a few hundred $10 items per month is much less risk than aiming to sell 10,000 television sets. Think small to start off with, then expand slowly.

Prove you're financially solvent − some companies will ask you to prove your personal net worth. They may ask about your credit card bill, mortgage and more so minimise your debt wherever possible.

Whilst I have no evidence to back me up on this point I believe that forming a limited company (so you become Pig Farmers Inc. or Swine Herders Ltd.) makes you look more professional and as result less risky. As one can form such a company over the Internet these days for a tiny amount of money I think it's well worth it if in doubt.

You may also be asked about guarantees on your products, monthly overheads of your business, past fraud of any one of a million other questions. For every one you're asked − "How can I instill more confidence and make my business look safer?".

It's just like your car insurance. Your rates are better if your car is nice and safe (boring, even), is kept in a garage at night and you've never had a crash, so think of it this way.

Even if you do get accepted, you may well find that if you appear safer, the rates you are offered will be better. If in doubt apply.

You might just get a nice surprise, and the sources we recommend allow you to apply without paying an application fee so there's no risk to you whatsoever.

The third and final method of accepting credit cards on your website is to use a third party service.

In this case, your business itself is not granted it's own merchant ID but rather you utilise the merchant account of another company.

Setting up an account with a third party processor is tremendously easy − it's a case of filling in a simple form with your name, address etc. and you're away. Some of these services are free to set up whilst others require a small "activation fee".

For the new startup who have tried unsuccessfully to gain their own merchant ID, third party processing is the way to go.

As with any other method there are benefits and distinct problems with third party processors.

The first benefit is clear − easy, quick and cheap setup. Many third party processors also offer additional services, some paid for, some free.

For example, Kagi can set you up with a free digital download service so customers can instantly and safely download your ebook or software after purchase.

Others such as Clickbank come with built−in affiliate software as standard. These are just two examples I have chosen from many which illustrate possible savings in terms of time and money.

However, now we turn to the negative side of the story. Firstly, most merchant account intermediaries deposit the money paid by your customers in 24−48 hours. This means that you receive payment swiftly which helps keep your business finances bouyant and enable you to expand your operation faster.

In contrast, third party processors on average pay every 14−28 days depending on the company in question. Some will even pay you mid−month, for the previous month's takings − meaning you may have to wait up to 45 days for the settlement of funds. Clearly this stunts your business and can leave you open to problems.

Secondly, it's fair to say that all merchant account providers, be they bank, intermediaries or third party processors charge fees. This may involve a set per−month fee and/or a per−transaction fee (such as 5% of the value of each purchase). Unfortunately as you might expect, those of the third party processors are generally far, far higher than those charged to businesses who possess their own merchant account.

Lastly in this argument is the fact that you are far more limited in your dealings with a third party service than your own merchant account.

What I mean by this is that you have to send your visitors to their website to make their purchase, which makes you look less professional and you generally have to use the third party processors designated order form, with their name on, though some level of customization is usually possible such as adding your company logo.

In this respect you're simply less in control of matters. And finally, as you are using the third−party processor's merchant account, and not your own, your customers credit card bill will show up the name of the third party processor you have used rather than that of your company.

In general therefore, I'd regard using third party processors as a "last resort" due to their far higher fees and less professional appearance.

So which of these three methods is right for your business? Unfortunately only you can make this decision. I just hope I've clarified rather than clouded your opinions!

Best of luck to you and your business.

Richard Adams is the founder of Merchant Account Forum which he began having experienced the potential problems of accepting payments online first hand. His website can be found at: http://www.merchantaccountforum.com

Applying For a 0% Intro Rate Credit Card

By Michael Colucci

When it comes to credit cards, the reward credit cards are usually much more popular because more often than not, consumers are dazzled by the concept of earning points and winning prizes for themselves just by using their credit cards. But you see, that's simply considering one side of reward credit cards - and that's the nice side, by the way. The other side would be the high interest rates that reward type of credit cards charge its users. So you see, you're not winning those prizes for free - or at least not completely - unless you have the means to pay for your purchases before the cut−off period or before you get charged with interest.

This article, however, shall enlighten consumers about the less popular type of credit card and that would be the non−reward credit card. A non−reward credit card does not allow you to earn air miles or win gift certificates and other cool prizes for yourself just by swiping your credit card as often as you can. Rather, a non−reward credit card lets you purchase everything you want with a lower interest rate compared to reward type of credit cards.

Of all non−reward credit cards being offered in the market, it's the 0% intro rate credit card that creates the most buzz because of two magic words - zero percent! And that's right - credit card companies kid you not with their zero percent interest rate offer! But of course, that's not all there is to it. Though we have nothing against 0% intro rate credit cards, we do suggest that you apply for a 0% intro rate credit card only when it's the type of credit card that would best suit your needs.

A 0% intro rate credit card would be most suitable to a type of user who can not afford high interest rates like what's being charged by reward credit cards, that's for sure. Secondly, a 0% intro rate credit card would also be most suitable to someone who has pressing needs to buy or acquire something but has not enough money to go through with the purchase. Because of their very situation, having a 0% intro rate credit card would be of most help since even with the required monthly payments, they still wouldn't pay as much as they would with other types of credit cards.

Of course, all good things must come to an end and a 0% intro rate credit card is unfortunately no way different. As it is only an introduction rate, once the time allotted for it elapses, you shall revert to paying for normal interest rates.

But that's a long time coming and you don't have to worry about that yet. What's important is to be able to buy what you need and applying for a 0% intro rate credit card is the key!

Michael Colucci is a technical writer for

Low Interest Credit

Cards − A site that offers credit cards with an intro rate of 0% for 12−15 months.


naturaPause
The Natural Hormone
Solution
For Men And Women
DELUXE 6-CD SET