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The Fool-Proof Guide to Accepting Credit Card & Check Payments Online & Offline ...

Questions Any Fool Must Ask When Opening A Merchant Account

Brought to you by



Congratulations! You have taken many of the necessary steps on the pathway towards successful entrepreneurship. You have thought (or borrowed) a brilliant idea, conceived how the business should operate, considered marketing strategies, and envisioned how your enterprise may evolve. You have confidence that prospective clients will see the merits of your products and/or services and soon clamor for them, offering payment.

But have you truly considered how you will accept these payments? This is not a meaningless question for the "how" of this query ultimately affects "how much" profit you will receive. The focus of the following question-and-answer e-book is to help you determine HOW to choose the best option for accepting payments by knowing the hidden rules of the merchant account game.

Q. Sorry. You have gone too fast. What is a merchant account?

A. A merchant account enables you to accept credit card payments from your customers. In essence, you open a special account that is tied to a credit card processor - where that processor works with your customer's bank to help route payments into your account.

Q. Who offers this service (i.e., to help transfer funds from my clients' accounts to my account)?

A. You may arrange for a merchant account with a company that specializes in offering merchant services. They are called merchant service providers or independent sales organizations. Alternatively, many financial institutions can establish this merchant account for you.

Q. Which type of company offers the greatest advantages to a business owner?

A. This question inspires debate but ultimately depends on several factors. A home-based business owner or new business owner, for example, may be turned down from a bank as banks tend to be more selective when deciding for whom they will open a merchant account. Merchant service providers and independent sales organizations tend to be more flexible, willing to accept more risk but some may charge a little more if they deem that the risk is high. Others may still charge less than banks.

Moreover, while one person may feel comfortable just dealing with the local bank, another individual will go to exhaustive lengths, perform his/her due diligence and look for a company that offers outstanding rates and great customer service. The good news is that such companies exist, offering security, reliability and customer-orientation. The all-important matter of pricing will be reviewed later so that you can more readily compare the quotes you will receive.

Q. Do I need a merchant account to accept credit cards?

A. No. But while you can contract with companies that will accept credit cards on your behalf, their prices are generally higher as they take a larger percentage of the ticket price. (Be aware that all credit card providers charge you a percentage of each credit card payment you receive among other items.) It is possible, though a rare occurrence, that the "no merchant" account provider may be cheaper in the long run if the monthly fees are waived or extremely low. Once again, it is imperative that you do a cost analysis, taking all expenses into account.

However, if you are considering selling on the Internet, please note that a merchant account provides a much more professional look. Indeed, if you allow a third party company to collect your payments, you have to put your order form on their processor's site as you cannot host it. Moreover, you may only be able to get your funds twice or three times a month, hampering cash flow. If you get a merchant account, you can expect to receive those funds in less than three days from the time of the transaction.

Q. Will a merchant account offer check processing as well?

A. Yes, while many merchant accounts just offer credit card processing, others provide check processing. This enables you to accept your customers' checks by phone, fax or over the Internet and have the funds deposited into your account. (Of course, with electronic check processing, you will no longer have to make deposit slips and trips to the bank.) If you own a retail store, you can take your customer's physical check and run it through check conversion equipment. Voila, the funds are electronically deposited into your account - automatically.

Q. I realize the benefits of taking credit cards, but should I accept checks?

A. While there is risk involved in accepting checks (e.g., some may bounce, others may originate from a closed or frozen account, etc.), it appears that overall business volume

and profit increases when checks are accepted. Accepting checks increases profit since many people do not have credit card payment capabilities, and thus can only pay by check. Indeed, many more individuals have checking accounts than credit card accounts and they should be accommodated and sought after as valued, prospective customers.

Q. If I decide to take checks, is there anything my merchant account provider can do to lower the risks of getting stuck with a bad check?

A. It may be advisable to use **negative verification** - a service that allows you to check an individual's account information against a negative database of known bad-check writers to discern if there is a history of known problems. Such verification is rather inexpensive. For a little more money, you can set up a merchant account that offers a more advanced form of verification. This advanced verification lets you know if the customer has positive funds in the account, if the account has a negative balance, if the account is closed or frozen, and/or if there are any stop payments or outstanding bounced checks associated with the account. (In the future, it is anticipated that merchant service providers will offer "real time" verification - determining if the customer has sufficient funds to cover the expense at the point of sale.)

It is important to note that if you do receive an NSF check (despite preventative attempts), some merchant service providers offer free electronic check recovery. This service paves the way for any bounced check to get re-submitted electronically (two additional times, if necessary) to automatically recover the owed funds! In contrast, you can opt to use check guarantee and check collection companies but they sometimes charge a hefty amount to take care of your bad checks.

Q. Are the fees to accept checks the same as the fees to accept credit cards?

A. Going back to the price issue again. :) The answer is no. They each entail varying charges. Perhaps it will be advantageous to go over these charges now - best understood from a case example:

Hypothetical Example: If you are a retail owner and decide to accept only credit card payments via a terminal, you have to especially consider these following items:

- **Cost of the credit card equipment.** Compare your merchant service provider's price for the terminal with other companies' quoted price for that same terminal. Jot down prices from various Internet sources, and see where you can obtain a "best buy." In addition, please be aware that it is much cheaper to buy a terminal upfront than to lease. Only use leasing if cash flow is a crucial problem.

- **Application/Set-up fee.** This should be under \$100. This cost may be waived.

- **Discount rate.** This all-important rate represents a percentage of the purchase cost. For retail accounts, the discount rate (or swiped rate) is typically between 1.49% and

2.50%, but can go even higher. For example, if you are charged a discount rate of 1.75% and the credit card payment you just received is \$100, \$1.75 (equivalent of 1.75% times \$100) will be deducted from your bank account for that transaction.

- **Transaction rate.** This rate is similar to a discount rate in that it is a fixed amount based on each transaction. For retail accounts, the transaction rate generally falls between .19 and .40. So, to continue the discount rate example above, if you are quoted a discount rate of 1.75% and a transaction rate of .20 and receive a credit card payment of \$100, \$1.95 (equivalent of 1.75% times \$100 + .20) will now be deducted from your bank account for that transaction.

* Please note that some merchant service providers "bundle" their rates, and include the discount and transaction rates as one charge. For example, instead of quoting a discount rate of 1.75% and a transaction rate of .20, a merchant service provider may just give you one rate, such as 2% bundled. In this scenario, if your average ticket is \$100, you would owe \$2 (equivalent of 2% times \$100) for each transaction. It is imperative that you "do the math," exemplified by the following number-crunching:

If your average priced product or service is \$100, a discount rate of 1.75% and a transaction rate of .20, costs you \$1.95 per transaction.

If your average priced product or service is \$100, a bundled rate of 2% costs you \$2 per transaction.

If your average priced product or service is \$50, a discount rate of 1.75% and a transaction rate of .20, costs you approximately \$1.08 (equivalent of 1.75% times \$50 + .20) per transaction.

If your average priced product or service is \$50, a bundled rate of 2% costs you \$1 (equivalent of 2% times \$50) per transaction.

In the first scenario where the average ticket is \$100, the non-bundled rate would be cheaper. In the second scenario where the average ticket is \$50, the bundled rate would be less expensive.

- **Debit fee.** It is much less expensive to accept a customer's debit than credit card. Most merchant service providers charge a flat fee, generally ranging from .35 to .75 for each debit card transaction. (Obviously, the credit card discount and transaction rates do not apply when you accept a debit card.)

Please note that you will need an encrypted pin pad to process customers' debit cards so that they may key in their private four digit number into the pin pad. This will be an additional charge, and should be less than \$200. It may be worth the expense as debit cards cost you much less to process than credit cards, as previously stated. While you may decide to allow your customers to pay with debit cards, it remains imperative to also allow for credit card use.

- **Statement fee.** This monthly fee typically ranges from \$0 to \$15. It merely represents the statement you receive from your credit card processing bank, delineating the series of the transactions that have occurred during the month.

- **Customer service fee.** Some companies charge a modest monthly fee for the merchant assistance they provide. This charge should not be more than \$10 a month.

Hypothetical Example: If you are a retail owner and decide to also accept checks via a check conversion machine, you will be responsible to pay the following expenses:

- **Cost of the check conversion equipment.** The price varies depending on the quality of the check conversion equipment offered but will be at least several hundred dollars.

- **Cost per transaction.** When it comes to processing checks, be aware that some merchant service providers do not charge a percentage of the purchase price. There are companies that charge a small fee (regardless of how big the purchase price is) while others charge a high discount and transaction rate for each check transaction.

-**Monthly access fee.** Regardless of the terminology, you will incur a monthly expense when you use check processing.

You should also be aware that you may have to pay a little extra on the application/set-up fee, and the monthly rates (e.g., statement fee, customer service fee, etc.) to process both credit cards and checks as opposed to just credit cards. However, it still makes prudent business sense to offer both payment options.

Q. Are there other costs I should know about?

A. Yes, there exist other incidental costs you must be cognizant about. It is deplorable that some merchant service providers do not inform prospective clients about these charges or try to hide them in difficult-to-follow paper work. The following items should be disclosed:

- **Annual fee.** This once-a-year payment may be charged to your account for maintenance and system upgrades. It certainly should not be more than \$99 per year.

- **Programming or encryption fee.** This fee may be assessed, reflecting the effort of your merchant service provider to make your terminal compatible with their system. Others do not charge this fee directly but may apportion it in their set-up fee.

- **Batch fee.** This is a small daily fee charged to batch or close out all your transactions. Batch fees are typically less than .30 a day and encompass all your transactions. You are NOT charged a batch fee for each transaction!

- **Chargeback fee.** This cost is administered when someone disputes a credit card charge. The fee can range from \$0 - \$40 for each chargeback. It is imperative for you to

reduce the likelihood of chargebacks through customer service intervention, fraud prevention, etc.

Please note that you may be asked to set up a reserve account at the processor's bank to handle any future chargebacks, especially if you are processing a large volume of transactions, and/or if your credit rating is not very good. Most of the time, you will NOT have to establish a reserve account.

- **Monthly minimum.** This expense may be waived, but is generally \$25 or less. Here is how to calculate the amount (if any) you will have to pay. Suppose you only had one sale for the month (sorry for your business' lack of profit :) and made \$100 on the sale. A discount rate of 1.75% and a transaction rate of .20, as we have demonstrated earlier costs you \$1.95 (equivalent of 1.75% times \$100 + .20). If your monthly minimum is \$25, you will owe \$25 - that \$1.95 or \$23.05.

Most businesses should easily surpass the monthly minimum, and owe nothing for this component. If you cannot reach a monthly minimum, perhaps it is best not to have a merchant account.

- **AVS fee.** This fee may be applicable, and may simply be added to your transaction costs. AVS is a mechanism to check that the billing address provided by the customer matches the one listed on the credit card when the person applied for it. Some merchant service providers charge extra for this service. All merchant service providers will bump up your discount rate if AVS is not used or fails. For example, suppose you are a retail owner who must key in the customer's credit card number (assuming the terminal can not read the magnetic strip of that customer's credit card). As a penalty, your discount rate will be bumped higher. Moreover, if there is no AVS match (the address given by the customer does not match the one on the credit card), your discount rate similarly increases. From a merchant service provider's perspective, this higher rate reflects the greater risk of conducting business with that customer.

- **Mid-qualified and non-qualified rates.** Along with the discount rate, you must know these rates, often hidden by unscrupulous companies. Some companies charge a very reasonable discount rate but an extremely unreasonable mid-qualified and non-qualified rate.

The mid-qualified and non-qualified rates are surcharges (i.e. transactions that do not meet certain Visa/Mastercard requirements. For example, even if you manually key in a transaction with an AVS match, your rate may go up a little (but not as high as it would if you do not have an AVS match). If you do not batch out the transactions within 24 hours, your rate will increase, too. Furthermore, if you accept International, corporate or government cards, your rate will go up substantially. There are surcharges based on varying factors.

Take heart that most of your transactions should reflect the discount rate if you are a retail business owner. For an Internet business owner, your discount rate may be actually thought of as the mid-qualified rate as your customer's card is not actually present, increasing the chance of fraud and thus bumping your rates to a mid-qualified rate. If there is no AVS match when your Internet customer inputs his/her credit card information, your rate can go up to a non-qualified rate. Similarly, the same situation

exists if you take orders over the phone or via mail. Invariably, if you accept International, corporate or government cards, you will incur a non-qualified rate.

Please note that by accepting checks, you avoid these “bump up” rate problems. However, as you are well aware, accepting checks may pose their own inherent risks. But using verification (discussed earlier) can limit potential difficulties.

- **Termination or cancellation fee** – Clients are seldom informed of this and may only discover this expense when they switch processors. It can be as high as \$400 if you end processing with a particular merchant service provider, especially if you only employed their service for a short length of time. The fee is NOT applicable as long as you do not switch providers! Ask, or better yet, read your provider's termination/cancellation policy in the contract.

Q. I understand that the discount rate may be bumped up depending on the situation. But can that base (starting point) discount rate, along with all the rates (including monthly fees) get raised indiscriminately?

A. Most companies are ethical and fair and will keep the base rates the same for the length of the contract. (Yes, please find out what the length of the contract is, along with all other information provided in the contract.) Be aware that if Visa USA or Mastercard International raises the cost to merchant service providers (called the Interchange rate), the service providers, in turn, will pass along the increase to you. This does not occur with great frequency (Mastercard and Visa typically alter fees in April and October respectively) so your rates should remain consistent for some length of time, particularly the monthly costs as they are not affected by the Interchange rates.

Q. Is there any recourse I have if I grow dissatisfied with the pricing levied and/or service provided by a merchant service provider?

A. While it may seem pessimistic to anticipate problems, it is always best to be prepared for the worst case scenario. You should be allowed to terminate a contract within 30 days WITHOUT penalty. As mentioned previously, many companies will hit you with a termination or cancellation fee if you end the contract prematurely. Find a merchant service provider who will waive the termination/cancellation fee. If yours does not, you may be forced to seek redress with the Better Business Bureau and similar organizations. But if the contract specifically mentions the termination/cancellation fee, you are in a no-win position. Better to be proactive and ascertain that the contract waives all termination/cancellation fees before they begin with the payment processing.

Q. I understand the method and pricing of accepting credit cards offline but I am interested in running an Internet business. How can I accept credit cards online for the least cost?

A. There are a couple of ways to accomplish this but perhaps the most efficient, convenient way – and, depending on the circumstance, the most cost-effective - is to use **real-time processing via a gateway**. This process entails your customer inputting his/her credit card information on a secure (SSL-encrypted) site, and in real-time, this information is transferred to the credit card processor through a gateway. Just as cars use a tunnel to get from one place to another, the gateway serves as that tunnel to transmit information from the customer to the credit card processor.

At first, within seconds of the customer submitting his/her credit card information, the acquiring processor either **authorizes** the transaction or declines it. If an authorization code is given, the customer's account is not charged but his/her credit limit is reduced. Subsequently, the approved customer's information becomes "captured" and the authorized amount of money is then charged to the consumer's credit card. This **capture** becomes part of the merchant's batch, and travels through the gateway again. The acquiring processor then knows to finalize and **settle** the transaction. Settlement takes place as funds are credited to your account.

Now that you see the basic steps (realize your bank and the processor's and customer's bank also play a "behind-the-scenes" role) of a real-time Internet credit card transaction, you are then in position to understand what you need to implement it. You must have the following:

- **Secure server with certification**. When your customer enters his/her credit card information, it is sent in plain, unencrypted text form to the server hosting the website. As it is possible to intercept this data, you must use SSL encryption (typically 128-bit) ensuring that no unauthorized individual can decode the information. A secure server utilizing this SSL encryption must reflect this with a certificate. (The certificate also ensures the authenticity of the website – including who owns it and the site owner's physical location.)

- **Order Form**. Obviously, your customers need a place where they can input their personal and banking information. The order form is THE place to do it, and the form – as you should remember – must be on a secure server.

- **Gateway**. As mentioned previously, this is the "tunnel" that allows for the authorization, processing and management of your credit card payments. It is the mechanism that transfers your customer's vital information to the processor so that you can get paid.

If you intend to or already have a **shopping cart** – software that enables you to have an e-commerce, online store where purchases are automatically calculated for you – make sure that the gateway you use is compatible with the shopping cart. Fortunately, most gateways work well with the great majority of shopping carts. How do they work in concert? After the customer finishes ordering and the totals and subtotals have been calculated, the shopping cart software automatically places the order details on your website's order form. When the customer inputs his/her personal and banking information, the order form is submitted via SSL (secure server) to the gateway for sales processing. If you don't have a shopping cart, the customer can enter his/her purchase

online, on the order form, where the form is again submitted via SSL (secure server) to the gateway for processing.

- **Merchant account.** You can have a secure server with certification, an order form, shopping cart and a gateway, but real-time processing cannot take place without establishing a merchant account. You may think of the merchant account as the engine that makes the car go. Again, a merchant account provides access to a processor that can authorize, capture and settle credit card transactions.

Q. While I now understand the components involved with online credit card payment processing, how do I put everything together on my website so it works?

A. If you have designed your website, you can easily add another page called the “Order Form.” If you rely on the expertise of your web designer, the designer can do this in fifteen minutes or less, unless you need special customization that may entail more time. But an order form is relatively simple to add. Remember, you still must have a secure server with certification, a gateway, and a merchant account. The shopping cart software is optional (though highly recommended) and can be integrated into your website by you or your designer with the instructions provided by the shopping cart provider.

Here is the good news. By choosing the “right” merchant service provider, you can have access to its secure server, its gateway ... and even its free shopping cart, if desired. Yes, there are merchant service providers who have their own secure server, their own gateway and their own free shopping cart, and do not rely on other companies to fill those needs. In other words, you can find a “one-stop shop” solution.

You apply for a merchant account, hopefully get accepted (the acceptance rates are generally above 95%) and then can place any orders on the merchant service provider’s secure server (say that five times fast!). The merchant service provider gives instructions on how to set up the shopping cart (if desired) and the gateway. Some companies even provide direct assistance integrating these components into your website. After all the components are in place, you are ready to grab your share of Internet income.

It is essential that you ask any merchant service provider if they have their own gateway or outsource it to another company. If they depend on another company for the gateway, you will be dealing with at least two organizations (i.e., the merchant service provider and gateway company), and they must work in concert. If you go with a shopping cart provider, then you have to rely on a third company ... that has to work with the other two! Horror stories abound about the lack of coordination between service companies, leading to lots of headaches, heartaches, and possibly, financial woes for you. Better to use one, extremely reputable merchant service provider that provides all the essentials!

Q. Will I also be able to accept check payments on my site?

A. Yes, make sure that the merchant service provider knows your interest to offer this important payment option to your customers, and can accommodate this service. On the

order form, you can have one section where the customer may put in his/her credit card information and another section where the customer may put in the check information required (e.g., routing number, account number, etc.). The merchant service provider can tell you all the checking information that is necessary to collect from your customers. The checking information goes through the payment gateway just like the credit card information travels.

Q. What costs are involved when accepting credits cards online?

A. The typical costs entail start-up fees (e.g., application and set-up) and administrative fees (e.g., statement fee, customer service fee, etc.) for the merchant account part. Add the start-up fee and administrative fee for the gateway and you can come up with your monthly cost. (If provided, the secure server with certification and shopping cart are usually free.) Better yet, ask the merchant service provider what the total start-up fees will come out to (including use of the gateway) and what the exact monthly fee will be, putting all the individual fees together. It will make for easier comparisons with other quotes you receive.

You will also be charged with an Internet rate (discount rate + transaction rate or a bundled discount rate). As a ballpark figure, you should not have to pay more than 2.3% + .30. There are merchant service providers who charge less than that. Ask if the transaction rate (30 cents in the aforementioned example) includes AVS and the gateway transaction fee. Some companies charge a seemingly low rate, and then “nickel and dime” a business owner without the owner even realizing it. Beware, in particular, of your non-qualified rate – a rate not often shared openly with a merchant.

Finally, ask about the chargeback and other incidental rates. Assume an educated posture, arm yourself with knowledge, ask questions – and you will not be taken to the cleaners.

Q. What costs are involved when accepting checks online?

A. The answer above is applicable (where credit card costs are discussed) save for the fact that there are no chargebacks or bumped-up rates (e.g., non-qualified rate). On the other hand, you will be charged a bounced check fee if a check is NSF (similar to a bank charge fee you incur from a paper NSF check). But merchant-friendly merchant service providers will not exact a stiff penalty (may be just a couple of bucks) if you do receive a bad check.

Look for merchant service providers that offer some form of verification, of course, and even an auto-collect feature that attempts to recoup the owed funds by going into your customer’s account two additional times, if necessary.

Most importantly, look for merchant service providers who do not charge a discount rate – taking a percentage of your profits. It is preferable to contract with a merchant service provider that charges a flat fee (\$1.00 and under is reasonable) no matter if you take a check payment of \$100 or \$1,000.

Q. You mentioned that there are other ways to accept credit card payments rather than using real-time processing via a gateway. What are some other ways?

A. One method is to outsource the credit card processing to a third party as you are not required to have a merchant account. This third party collects your customers' vital information and does all the work to process payments for you. While it seems easy to handle credit card payments in this manner, the disadvantage is that this method is usually more costly and makes your site look less professional.

Another way to collect credit card payments on the web is called “**deferred processing.**” The customer inputs all his/her relevant information, and you receive the data manually. (When the customer submits the data, you must then download the information from your server to be processed manually. With deferred processing, the data does not go through the gateway.) While one advantage to deferred processing is that you can inspect all orders and correct them, if necessary, before shipment, it may be a very time-consuming process especially if you have hundreds or thousands of orders per day. Other disadvantages include a) the inability of the customer to see the results of the transaction immediately (as the customer may have made an input mistake), b) the necessity to have your own encryption on your site, and c) the possibility that you may have to manually email each customer a record of the transaction unless you set up your own **autoresponders** (instant email messaging that automatically follows ups with your customers).

If you opt for deferred processing, you may key in orders on a standard credit card terminal or **payment processing software** (PC-based that connects you to your merchant account).

Q. It seems that if you have any volume of orders, real-time processing may be the most advantageous. But what happens if someone goes to my website and calls the order in instead of placing it online?

A. Once again, “real-time” processing may be used with a **virtual terminal** – a web-based program that enables you to manually process and key in your customer's information where it subsequently goes straight to the processor. In other words, if your computer has an Internet connection, you input any customer's data in the fields provided by the virtual terminal program as he/she gives it to you. Of course, the information is keyed in on a secure website. Happily, almost all virtual terminals have reporting capabilities so you can view a history of your transactions.

Q. Can I use a virtual terminal to accept checks?

A. Absolutely. While some companies just offer a virtual terminal that processes credit cards, others offer a check processing capability, too. Look for a virtual terminal that can process credit cards and checks via the same web-based program.

Q. Can I use a virtual terminal to process credit card or check orders via mail?

A. Yes, while you can use the virtual terminal for these orders (making a paper check into an electronic one), it is much better to use a lockbox system in this scenario. Here, you receive the checks, run them all through a check reader and the data becomes transferred to the lockbox software. The data can then be submitted straight to the processor. Businesses that get a lot of mailed checks should look into the service. The entire lockbox system should not cost more than \$500 to launch. Of course, you will incur monthly expenses.

Business owners that do not get many mailed checks need not get a lockbox system in place. They can simply handle checks the old-fashioned way, and deposit them into the bank.

Q. Is it difficult to use a virtual terminal?

A. Let's just say you won't even need a "Virtual Terminal for Dummies" book. It is an extremely straightforward process. You log into your account with your user identification number and password (provided by the merchant service provider), and simply input the self-explanatory fields. It's like filling out – or more relevantly, typing in – a simple form.

Q. How much does a virtual terminal cost?

A. The cost is very similar to Internet processing fees (the amount you pay to process online electronic credit cards and/or checks). The virtual terminal is usually priced anywhere from \$99 to \$600, but may even be priced higher. Ask the merchant service provider to calculate the TOTAL initial, one-time fee. This should include the set-up fees for the merchant account and virtual terminal, the application fee and perhaps even an annual fee. Also ask and verify what the monthly costs will be, and this figure may include the statement fee, customer service fee, and the virtual terminal's gateway hosting fee. This monthly amount usually is priced from \$15 to \$50 and higher. Again, compare and contrast, and see which company has a "best buy."

Q. How can I reduce the possibility of fraud when taking orders online or via phone?

A. Excellent question! It is almost mandatory to ensure that the merchant service provider offers the Address Verification System (AVS) – the system that matches any customer's billing address to the same information held at the customer's card-issuing bank. Some merchant service providers also enable you to get your customer's CVV2 and CVC2 verification codes. On the back of any Mastercard, and the majority of Visa and Discover cards, a three-digit code is located right next to the last four digits of your

credit card number. On the front of American Express cards, a similar four-digit code appears right above the card holder's account number. When a customer provides this information accurately, it indicates that at least he/she has the card in his/her possession.

In addition, use good, old, grounded common sense. Post warnings on your site that IP (Internet Protocol) addresses are being logged. Examine email addresses of your customers before shipment, and cast a cautious eye to those who use free email accounts. If an order seems suspicious (e.g., a great number of products are ordered or the amount of the payment is extremely large) connect with that client to ensure the authenticity of that order. Your careful assessment of orders will also greatly reduce your frequency of chargebacks.

Q. Are there other things I should look for besides price during my selection process, when I determine which merchant service provider I will use?

- A. Yes. While price is very important, please weigh the following questions:
- a) Will the company offer an "all-in-one" solution or will I have to rely on several companies to meet my needs?;
 - b) What kind of customer service will I receive AFTER I sign with a company?;
 - c) Does the company have representatives that project a sense of professionalism, and treat me with respect, courtesy, and a friendly demeanor?;
 - d) Does the sales department seem open about the costs involved and invite more questions?;
 - e) Is the company willing to help me set up when I start their payment processing?;
 - f) Does the company offer products/services that seem efficient and easy-to-use?;
 - g) Does the company have a professional-looking website, perhaps indicating that they have or want a national presence?;
 - h) Will the company share references?;
 - i) Will the company put everything in writing?;
 - j) Is a reserve account required?; and
 - k) Will the company waive any termination or cancellation of the contract? (If they have confidence in their service, they will!)

Again, there are many other factors to consider. Aside from logic, your intuition - that voice within you - may just lead you to the right vendor.

Q. I'm worried. What if I don't make the right decision?

A. Let's think positive. After reading this information, you are now armed with knowledge and a greater understanding of how the payment processing / merchant account field operates. This will empower you as you perform your research and help guide you in making the decision that best fits your needs.

And, if you discover that you still made the wrong decision (remember "hindsight" is 20-20), try to change it. You do have recourse here and you can always cancel your account, and "go fishing" again in the ever-abundant sea of merchant service providers.

I wish you well in your business pursuit and hope that this material has helped demystify the process of accepting credit card and check payments online and offline, and has helped simplify the seemingly overwhelming task of finding the appropriate merchant account.

Here's to your success!

ABOUT THE AUTHOR

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SERVICES

The following services may spark your interest as they can simplify your accounts receivable process, enhance your cash flow and save you money.

PHONE CHECKS / FAX CHECKS - Take any payment over the phone or fax and draft any customer's checking account quickly and efficiently. Convenience for your customers; reliable, fast payment for you!

AUTOMATED PAYMENTS - Imagine receiving your payments when they are due without invoicing them, and without any "prodding" on your part. Simply collect the money owed to you by debiting your customer's bank account on a recurring basis.

DIRECT DEPOSIT (PAYROLL PROCESSING) - Use our billing software for a flexible, extremely affordable and smart way to handle payment processing and other accounts payable. Easy to learn, simple to use and effortlessly improves the pain of payroll processing.

ELECTRONIC CHECK RECOVERY - Collect bounced checks electronically at NO COST to you. Saves time and money, while increasing collection percentage and cash flow. Collecting out-of-town checks is no longer a problem.

CREDIT CARD AND DEBIT CARD PROCESSING - Take advantage of one of the best credit card and debit card processing rates in the nation! Many programs for: retail

merchants, mail/phone order merchants, Internet-based merchants, small and home-based business. Increase SALES!

ELECTRONIC CREDIT CARD AND CHECK PAYMENT OPTION - Accept credit cards and checks from your customers at the same time. Our state-of-the-art technology lets you take both credit card and check payments over the Internet and phone or fax.

ELECTRONIC CHECKS (E-CHECKS OR INTERNET CHECKS) - Increase Internet sales with online check acceptance. Take checks over the Internet safely and securely with a mechanism to deal with any potential NSF, bounced check.

CHECK VERIFICATION - Reduce and help eliminate the threat of revenue losses arising from NSF, bounced checks.

POINT OF SALE ELECTRONIC CHECK CONVERSION - Now a check can be as hassle-free as a credit card. Run a check through a special check-reader and funds are automatically transferred from your customer's account to your account. Save time and money while reducing the risk of bad checks.

LOCKBOX (CHECK TRUNCATION) - Want us to show you the money? Take advantage of our superior lockbox system that changes paper checks to electronic checks for greater cash flow and efficiency at less cost! You can bank on the fact that you never have to leave your office to deposit checks again.

WEB DESIGN AND HOSTING - Gain a professional, attractive web presence at a "best buy" price by contracting with Milana Leshinsky (formerly Milana Nastetskaya), a well-known and respected web designer. Upon request, get a powerful, user-friendly e-commerce shopping cart with integrated payment options.

Want to save more money? BusinessBestBuy.com offers you other great resources to stretch your business dollar.

Final Note: Please do your homework, research all options, and even look at competitors' sites! May the best offer win ... and may your business always rise to the top!

- William Hamilton