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Getting the Most Out of Your Merchant Card Services

Many small business owners think of merchant credit card processing as a necessary, but costly and often confusing method of accepting payments from customers. Accepting credit card payments is most often necessary, because small business owners certainly don't want to miss out on sales from customers who want to purchase products or services using a credit card.

Understanding and managing the costs associated with accepting credit cards can be challenging. Despite the challenges, accepting credit card payments allows business owners to collect payments quickly and to receive funds that are immediately available.

Credit card processors often deal in terms that are hard to understand, so it is important to find a processor who is willing and able to help you manage the process and the costs. Here are some tips and information to level the playing field among card processors and to help you negotiate the best value among processors:

- Qualified and non-qualified transactions and their associated costs differ from processor to processor. Make sure you understand what type of transactions your processor considers to be "qualified" and what you need to do to make sure that as many of your transactions as possible fall into this category.

- Offers that are too good to be true usually are. The truth is that all processors have the same Interchange rates, which are the wholesale costs to every processor for their transactions.

- Trust but verify. Make sure that what is offered to you verbally is the same as what is stated in your contract. Look carefully for hidden fees and fine print.

- Understand as much about your processor as possible. How long have they been in business? Where are they located? Are they a local company or will you need to dial a 1-800 number for assistance? Like your bank relationship, it is crucial to have a specific contact for your account.

- Ask for references from other businesses that are using a particular processor's services. Find out what type of turnover they have in their sales and servicing staff. This can affect the quality of service you are receiving.

In addition to selecting the right processor and managing your credit card costs, it is also important to have the proper controls and processes in place when processing credit card transactions. Be sure to consider the following:

- You must be Payment Card Industry (PCI) Compliant – This is mandated by Visa/MasterCard and is required for all merchants.

- Review your controls – who is handling the cardholder data "around the office"? Is the data secured? Is there a division of duties between the person processing transactions and the person who is reviewing the credit card statement and transaction records?

- There are many new systems such as internet gateways and software programs for processing transactions and managing data. Make sure to ask your processor about the most appropriate and cost effective technologies available for the types of transactions that you process.



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